Austria	Sch24	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.700	Israel	Shk3.50	Philippines	Pso40
Belgium	BFr55	Italy	L2000	Poland	Zl 9,000
Cyprus	C£0.90	Jordan	JD1	Portugal	Es165
Denmark	DKr12.00	Korea	Won 2000	Qatar	QR5.50
Egypt	E£3.25	Kuwait	Fils.500	S.Arabia	SR7.00
Finland	FM8.50	Lebanon	L£600.00	Singapore	S$4.10
France	FFr7.50	Lux	LFr55	Spain	Pta165
Germany	DM2.60	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hungary	Ft107	Neth	Fl 3.25	Thailand	Bht50
Iceland	IKr160	Nigeria	Naira12	Tunisia	Din0.800
India	Rs15	Norway	NKr12.00	Turkey	L2000
Indonesia	Rp3100	Oman	OR1	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,298

Thursday November 8 1990

D 8523A

A READER'S GUIDE TO THE FT
Four page pull-out section

World News

Measures to stem global warming set for 1992

More than 130 countries agreed last night to begin work immediately on drawing up an international convention to combat global warming and to complete it by 1992.

The success in finding a wide area of agreement between so many countries was hailed as a breakthrough by environmental ministers conducting negotiations at the World Climate Conference in Geneva. Page 16

Singh resigns

The Indian government fell last night after prime minister V. P. Singh was heavily defeated in a vote of confidence in parliament. Page 16

Tokyo troops bill

Leaders of Japan's ruling party tacitly acknowledged that a bill enabling it to send troops abroad would fail. Page 4

Soviet unity appeal

The Soviet Union's leadership appealed to the country to unite and avoid panic in the face of economic collapse and rising crime on the 73rd anniversary of the 1917 revolution. Page 16

Poland presses Kohl

Helmut Kohl will come under pressure today from Tadeusz Mazowiecki, Poland's prime minister, to agree to sign the planned Polish-German border treaty soon after German elections next month. Page 2

US drugs chief quits

William Bennett, the abrasive conservative chosen to head the Bush administration's self-styled war on drugs, has resigned. Page 7

Eta calls for talks

Basque separatist group Eta, claiming that last week's regional elections demonstrate the strength of its support, has renewed its call for peace talks with the Spanish government.

Hrawi sets deadline

Lebanese president Elias Hrawi set a 10-day deadline for Christian and Moslem militias to withdraw from Beirut and permit the city's reunification as a demilitarised zone. Page 4

US to move aircraft

The US is to remove all fighter aircraft and 1,000 military personnel from the Philippines next year. Page 4

Boat exodus slows

The exodus of Vietnamese boat people to other Asian countries has slowed dramatically in recent months, particularly in Malaysia and Hong Kong.

Sweden market plan

Sweden's powerful employers' organisation, once a key partner in the management of the corporate state, launched a radical plan to transform social democratic Sweden into a robust free market economy. Page 2

Aga Khan honoured

The Aga Khan, leader of the world's Ismaili Moslems, was named Commander of the French Legion of Honour by President François Mitterrand.

Walesa to step down

Lech Walesa, favourite to win Poland's presidential election this month, said he would step down as Solidarity leader after the poll whatever the result. Page 3

Fire damages studio

A fire destroyed about one third of Universal Studios, the world's biggest film-making complex, wiping out the sets of Dick Tracy and Back to the Future. Page 7

King's loyal subjects

Morocco's King Hassan II claims to have received 220,000 messages of support after what he described as a smear campaign in the French press.

Business Summary

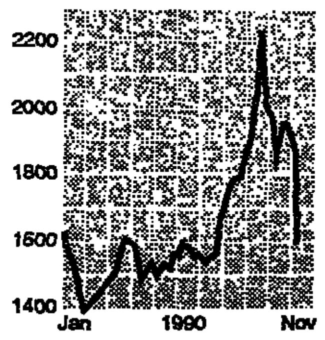
Groupe Bull to announce restructuring plans today

Groupe Bull, loss-making French computer maker, will today announce long-awaited restructuring plans designed to restore the state-owned company to the black by 1992.

The scheme includes heavier-than-expected job losses in Europe and the US, reorganisation of production management, rationalisation of plant and possible collaboration with competitors and big customers. Page 17

MARKETS: Aluminium prices in London recovered some of the morning's losses in later trading, but cash metal closed $11 down at $1,592.50 a tonne. Markets report, Page 27

Aluminium



Wall Street: Rebounding oil prices, profit-taking and programme selling helped push US equities broadly lower in slow trading, pushing the Dow Jones Industrial Average down 29.46 to 2,455.69 at 2 pm. Tokyo: Bond price declines and slight weakening of the yen drove Nikkei average down 465.50 to 23,500.25. Frankfurt saw the DAX index drop 27.09, nearly 2 per cent, to end at 1,371.15. Back Page, Section II

GATT: US delayed approval by the General Agreement on Tariffs and Trade of two-year waiver from Gatt rules that European Community is seeking for trade between former East Germany, Soviet Union and east European countries. Page 5; Background, Page 16

ASIAN Development Bank approved SDR107.62m ($147.44m) loan to Pakistan for a $2bn-plus agricultural project. Page 5

BELLELI, Italian manufacturer, is to build a L100bn ($88m) North Sea oil and gas rig weighing 11,000 tonnes. Page 5

ARJOMARI-PRIOUX, French papermaker, was suspended at the previous day's closing price of FFr1,779. In London, suspension of Wiggins Teape Appleton gave rise to talk of a merger, or purchase by Arjomari of the UK company's stake in Soporcel, Portuguese pulp mill. Page 17

SOUTH African Breweries, diversified beer and consumer products group, increased first half trading profit by 23 per cent to R584m ($230m) from R475m. Page 19

EUROPE'S Hermes spacecraft is to be developed by a consortium of Aerospatiale and Dassault of France, Deutsche Aerospace and Alenia, newly merged Italian aerospace group combining Aeritalia and Selenia, with total investment of about Ecu4.5bn ($6.07bn). Page 2

CONTINENTAL Airlines, highly leveraged US carrier in which Scandinavian Airlines System holds an 18.4 per cent stake, has unveiled third-quarter losses of $88.3m after tax. Page 20

ECU futures: London International Financial Futures Exchange (Liffe)is to launch an Ecu bond futures contract next March. Page 22

AMAX, US aluminium and gold producer, is to pull out of a $360m lithium project in Chile's northern Atacama desert. Page 27

Everyone comes away beaming from US elections

By Peter Riddell and Lionel Barber in Washington

US DEMOCRATIC leaders last night claimed to have recaptured the political initiative after strengthening their majorities in Congress and winning the big state governorships of Texas and Florida.

President George Bush, whose approval rating has dropped sharply in recent weeks, brushed off the results as "a pretty standard mid-term election that has something in it for everybody".

The Democrats won an additional seat in the Senate, and an estimated eight in the House of Representatives, while roughly a third of the 36 governorships up for election changed hands. The Republicans were relieved to have limited their Congressional losses, with the main consolation a narrow win in the governors' race in California.

Voter turnout slipped further, from 38 per cent in the previous mid-term elections to roughly 36 per cent.

Mr Ron Brown, chairman of the Democratic National Committee, said the results showed voters backing "a new Democratic agenda of bread-and-butter issues of health, jobs and economic fairness".

The mixed outcome with the continuation of divided party control between a Republican White House and a Democratic Congress is likely to intensify the battle for party advantage ahead of the next presidential election in 1992.

After being bruised by the recent budget crisis, Mr Bush will be seeking to unify his divided party and was facing calls yesterday to drop his previous co-operative approach with the Democratic Congressional leadership.

The president has campaigned energetically throughout the US over the past 10 days, though only seven of the 22 candidates for whom he has appeared since mid-October won on Tuesday. The defeat of Republican Clayton Williams in the Texas governor's race was a particular setback in the president's adopted home state.

The main changes were in the governorships rather than in Congress where most incumbents were, as usual, comfortably re-elected. Many governors of both parties suffered from having raised taxes and from the problems of their local economies.

The Gulf crisis played virtually no part in deciding these elections and the savings and loan scandal affected only a handful of congressmen.

Abortion, a highly emotive issue in US politics, proved to be a volatile influence. It cut both ways with pro-choice and anti-abortion candidates, though on balance helped to boost female support for strong women candidates.

Voters also decided on a number of propositions or citizens' initiatives.

Environmentalists suffered a series of significant setbacks in seeking to mandate tough new controls.

Details, Page 6; Analysis, Page 14

US seeks support for use of force against Saddam

By John Murray Brown in Ankara, Philip Stephens in London and Michael Littlejohns at the UN

THE US was canvassing support yesterday for a UN resolution which would explicitly allow the use of force to drive Iraq out of Kuwait.

The move came yesterday as Mrs Margaret Thatcher, Britain's prime minister, warned President Saddam Hussein of Iraq to get out "soon" from Kuwait or face the prospect of military defeat.

Mrs Thatcher told the House of Commons: "Time is running out for Saddam Hussein... either he gets out of Kuwait soon or we and our allies will remove him by force, and he will go down to defeat with all its consequences. He has been warned."

British officials said that Mrs Thatcher's remarks were part of a process of "tightening the screw" designed to convince Iraq of the hopelessness of its position.

Mrs Thatcher's blunt warning, during the debate on the Queen's Speech following the opening of the new session of parliament, was seen by MPs as preparing public opinion for the possibility of war sooner rather than later unless Iraq withdraws.

At the UN in New York, legal experts of the five permanent members of the Security Council have begun consultations on a possible draft resolution authorising military action against Iraq by the multinational forces in Saudi Arabia and the region.

Prime minister Margaret Thatcher in parliament yesterday

According to Turkish officials commenting on a meeting between Mr James Baker, US secretary of state, and President Turgut Ozal in Ankara, the US was now seeking a Security Council resolution to implement those already passed against Iraq.

However, no formal proposal seems likely until Mr Baker returns to Washington from his tour of the Middle East and Europe.

Mr Baker, who arrived in Moscow last night, is particularly anxious to secure the support of the Soviet Union and China to ensure that none of the five permanent members vetoes a resolution specifically sanctioning military action.

Mr Qian Qichen, who met Mr Baker in Cairo this week, said yesterday that more consultations were needed before any UN decision on the use of force.

The foreign ministers of Egypt, Saudi Arabia and Syria – America's main Arab allies in the Gulf crisis – are due to meet in Syria later this week.

Mr Baker denied reports that he had tried to pass an ultimatum to Mr Saddam by way of Mr Qian.

President Saddam yesterday ordered the release of 120 foreign hostages, including 100 Germans, after meeting Mr Willy Brandt, the former West German chancellor. Some visitors to Baghdad now believe Iraq is considering the release of all hostages to avoid giving the US a pretext to attack.

In Ankara yesterday, the US and Turkish governments firmly rejected as unacceptable a partial Iraqi withdrawal from Kuwait. However, both Turkish opposition parties have criticised Mr Ozal's policy.

More Gulf reports, Pages 4, 8

Airlines close to deal on computer reservations link

By Paul Abrahams and Alan Cane in London

SABRE, American Airline's aggressive computer reservation division, and Amadeus, the troubled European system, are in advanced negotiations to forge a link.

The deal would be an admission by the Amadeus consortium, led by Lufthansa, Air France, SAS and Iberia, that the project has failed in its aim to counter the threat of American dominance in the world computer reservation system market.

If it goes ahead, it would also give Sabre an important bridgehead into the European market which has so far proved difficult to penetrate.

An announcement about the deal, which may involve Sabre taking an equity stake in Amadeus, is expected shortly. Amadeus has recently cancelled two press conferences in Paris at short notice.

The European system, which has so far cost about $300m, has suffered a large number of delays following technical and management problems. It is not yet fully operational.

The project initially experienced considerable difficulties after it was forced to switch from computers supplied by Unisys to machines provided by IBM. Additional problems were created by attempting to adapt software from the US for the European market.

Amadeus has also been labouring under the difficulty of working from three sites. Its operations are based in Munich, while its development and marketing are in Nice and Madrid respectively. The consortium has experienced a series of management defections over the last year.

Mr Frederik Sorensen, head of the European Commission's air transport division, has recently warned that the project, has been at risk of turning into a fiasco.

Computer reservation systems (CRS) represent a critical factor in airline marketing since they provide the information necessary for airlines to invest or divest in particular routes.

They also have the potential to be highly lucrative. In 1988, the last year in which American reported Sabre's profits separately, the system made $134m operating earnings on $495m revenues, representing a return of 27 per cent.

Owners of a CRS can also receive incremental revenues from the system. During the mid-1980s, the US Department of Transport found that 39.9 per cent of American Airlines' revenue came from incremental income from its CRSs. Mr Robert Crandall, chairman of AMR, American's parent, has admitted that if he were forced to choose between American and Sabre, he would have to think long and hard.

If the deal goes ahead, the increasing concentration of the industry may lead the regulators to take more interest in the sector. In the US, where the industry is dominated by Sabre and Apollo, United Airline's system, there has been a stream of complaints from captive airlines about increases in booking fees.

The airlines which represent Amadeus' main shareholders may have been encouraged to link up with Sabre by the difficulties they are experiencing in their core businesses.

Linking Amadeus with Sabre may cost the airlines lost pride, but may prove a financial necessity.

Thatcher pledges co-operation on Europe

By Philip Stephens, Political Editor, in London

MRS MARGARET Thatcher, the British prime minister, yesterday sought to head off a challenge to her leadership with a pledge that Britain would play a full part in closer European co-operation.

Her more emollient tone came as Mr Michael Heseltine, who returned from his visit to Israel, was urged by disaffected Conservative members of parliament to follow up his weekend attack on the prime minister with a direct challenge.

It coincided also with the unveiling in yesterday's Queen's Speech of the lightest and least controversial legislative programme since the government's victory in the 1987 general election. According to tradition, the monarch presents an outline of planned bills, prepared for her by the government, at the beginning of each parliamentary session.

The programme of 15 bills, concentrating on improvements in transport, in the operation of the criminal justice system and in family law, is designed to keep Mrs Thatcher's options open for an election next year.

Continued on Page 16
Queen's Speech details and background, Page 8; Editorial comment, Page 14

General Motors to build cars and gearboxes in Bratislava

By Kevin Done, Motor Industry Correspondent, in London

GENERAL MOTORS of the US, the world's leading car-maker, has reached preliminary agreement with the Slovak republic to manufacture gearboxes and assemble cars in Bratislava as part of its ambitious move into eastern Europe.

GM said that it had signed a protocol with the Slovak government which gave it exclusive rights to establish transmission manufacturing and vehicle assembly operations at the Bratislavské Automobilové Závody (BAZ) plant, pending the outcome of continuing negotiations.

It hoped to finalise the deal by mid-December.

The company is planning to invest more than $150m in the venture, which it hopes will be wholly-owned rather than a joint venture. It would manufacture up to 250,000 car transmissions a year largely for export to its car assembly plants in western Europe.

In addition, GM is planning to assemble 20,000-25,000 cars a year in Bratislava, most probably its Opel Kadett/Vauxhall Astra and its Opel Vectra/Vauxhall Cavalier models for sale in the Czechoslovak market. Production could begin in late 1992.

The plant would have an initial single shift capacity to assemble 10,000-12,000 cars a year, but, according to GM, the plant could have an eventual capacity to assemble 40,000-50,000 vehicles a year, if warranted by demand in the domestic market. Output could include a small volume of car-derived vans.

GM is also establishing an Opel distribution network in Czechoslovakia and hopes to have 12 dealers operating by the end of next year.

It has won the exclusive rights to negotiate with BAZ and the Slovak government, who are being advised by Credit Suisse First Boston, in the face of competition from several other western car makers including Volkswagen and Renault.

VW and the recently formed Renault/Volvo alliance are also bidding fiercely to become the joint venture partner of Skoda, the Czechoslovak car-maker. A decision on this deal is expected shortly.

General Motors is planning an overall increase of around 25 per cent in its European vehicle assembly capacity to more than 2m a year by the mid-1990s including the establishment of assembly plants in eastern Europe.

It has already decided to begin its first car assembly operation in east Germany and is also planning to establish an automotive components joint venture in Hungary in addition to plans for an engine and car assembly plant in Hungary it announced earlier this year.

In east Germany, GM will produce 10,000 cars a year at Eisenach and in a further stage it is studying the feasibility of full vehicle assembly at Eisenach with a volume of up to 150,000 cars a year.

GM announced in January that it was forming a joint venture with Raba, the Hungarian automotive and engineering group.

Brussels approves Renault-Volvo link, Page 3; GM's latest product launch, Page 10

CONTENTS

Europe's tallest building climbs above London's skyline

Canary Wharf, the largest office building in Europe, has reached its completion height in a development to the east of the financial quarter. The 800 ft tower, the project's centrepiece, will today be topped out. Page 8

MARKETS

STERLING
New York lunchtime:
$1.9725
London:
$1.9785 (1.9735)
DM2.93 (2.9325)
FFr9.8225 (9.8375)
SFr2.4575 (2.465)
Y253.25 (251.25)
£ index 94.3 (94.4)

GOLD
New York: Comex Dec
$387.9
London:
$387.25 (380.25)

N SEA OIL (Argus)
Brent DEC
$33.825 (32.30)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.4848
FFr4.983
SFr1.2475
Y128.62
London:
DM1.482 (1.4865)
FFr4.97 (4.985)
SFr1.2435 (1.249)
Y128.10 (127.25)
$ index 59.9 (59.8)
Tokyo close: Y127.55

US lunchtime rates
Fed Funds $7\frac{11}{16}$%
3-mo Treasury Bills:
yield: 7.31%
Long Bond:
101
yield: 8.65%

STOCK INDICES
FT-SE 100:
2,059.2 (−10.6)
FT Ordinary:
1,590.8 (−8.1)
FT-A All-Share:
993.66 (−0.4%)
New York lunchtime:
DJ Ind. Av.
2,462.62 (−22.53)
S&P Comp
308.64 (−2.98)
Tokyo: Nikkei
23,500.25 (−465.50)

LONDON MONEY
3-month interbank:
closing $13\frac{3}{4}$-$13\frac{5}{8}$% ($13\frac{1}{2}$)
Liffe long gilt future:
Dec $84\frac{3}{32}$ ($84\frac{11}{32}$)

Business plans five-year campaign to end Swedish economic model

By Robert Taylor in Stockholm

SWEDEN'S powerful employers' organisation, once a key partner in the management of the corporate state, yesterday launched a radical plan to transform social democratic Sweden into a robust free market economy.

The five-year plan set out by the SAF (Svenska Arbetsgivareforeningen) would start after next September's general election and aim to destroy the vestiges of the famed Swedish economic model, with its collectivist values of equality and solidarity.

"I want to see the mass slaughter of our holy cows," said Mr Ulf Laurin, the SAF chairman, in an interview.

SAF, whose triennial conference opened last night, represents 45,000 private sector companies covering just over a third of the country's workers.

Mr Laurin favours a cut in the proportion of gross domestic product going to the public sector from 40 per cent now to 20-25 per cent and a reduction in the overall tax burden from just under 60 per cent of GDP to 40 per cent.

The SAF plan involves:

- Privatisation of all Sweden's state-owned manufacturers as well as the railways, the postal services and the main utilities. The state would be limited to maintaining public order and providing a minimum public welfare safety net.
- Break-up of Sweden's welfare state with the introduction of market forces into the health service, child day care system and old age provision.
- The abolition of the social insurance and pension systems through the encouragement of more private schemes.
- The sale of all local authority housing to an estimated 1m sitting tenants with abolition of housing subsidies and interest rates set at market levels.
- The introduction of education vouchers
- An end to national wage agreements and emphasis on linking pay with productivity
- The abolition of Sweden's publicly run wage-earner funds and encouragement of worker share ownership.

Mr Laurin believes in strong unions but confined to the workplace not at the centre. He wants to see the political influence of the union bureaucracies reduced sharply.

In a further break with the social consensus, SAF intends next year to begin withdrawing from around 70 public bodies where it sits alongside union leaders. "At present we are legitimising the existing system; we are its hostages," he says.

Consortium to develop Hermes spacecraft

By Paul Betts, Aerospace Correspondent

EUROPE'S Hermes spacecraft is to be developed by a consortium of Aerospatiale and Dassault of France, Deutsche Aerospace and Alenia, the new merged Italian aerospace group combining Aeritalia and Selenia.

The four aerospace companies have agreed to form an industrial concern called Hermespace not only to develop but also operate the programme which is expected to involve total investments of about Ecu4.5bn (£3.13bn).

The two French companies will jointly own 51.6 per cent, Deutsche Aerospace 33.4 per cent, and Alenia 15 per cent. The French participation will be through a holding company called Hermespace France, 51 per cent held by Aerospatiale and 49 per cent owned by Dassault.

However, Aerospatiale said yesterday that the consortium would not be launched formally until the Hermes development project was given the go-ahead by European ministers in the second half of next year.

The Hermes craft will act as a space "taxi" to transport three astronauts and about three tonnes of payload into space. The first manned flight is expected in 1999. The vehicle will be launched by the Ariane V rocket.

Aerospatiale also confirmed yesterday that it was studying with Deutsche Aerospace and Aeritalia whether to develop a 80-120 seat regional airliner, probably jet-powered. A decision on a feasibility study is expected next month.

Deutsche Aerospace is expected to lead the project.

Gonzalez leads socialism's retreat

Spain's ruling party set to go way of the state, writes Peter Bruce

MOST OF the delegates to the ruling socialist party congress in Madrid this weekend will be small town mayors and public officials. Let loose at night, they will probably paint the town red. During the day they may make a little history.

Only two party gatherings in the past 16 years have been more important – 1974 in exile in France when Mr Felipe Gonzalez, the prime minister, was elected party leader, and 1979 in Spain when he threatened to leave if the party did not drop its Marxist-Leninist doctrines. The Spanish Socialist Workers Party (PSOE), a name that irritates Mr Gonzalez, may be about to take another giant leap away from socialism.

That Spain has been non-socialist for most of the recent past has had much more to do with the colour of the cabinets Mr Gonzalez has appointed than the party which gets him elected. But this year liberal, and even conservative ministers such as Mr Carlos Solchaga, the finance minister, have been pressing to be allowed to sit on the party executive as well.

If they succeed this weekend the retreat from ideological socialism in Spain will be complete.

At the moment, the 23-member executive is dominated by socialists under the election-winning control of the left-wing deputy prime minister Mr Alfonso Guerra. Executive and cabinet clashes seldom get into the open but ministers are constantly being undermined by whispering campaigns mounted from inside the party against conservative policies.

Mr Gonzalez dithered for a bit before agreeing that ministers could, in theory, sit on the party executive as well but he will probably propose widening it to 35 people. The left will no doubt fight hard for the extra seats but Mr Gonzalez appears determined to heed growing calls to "open" the party and will not allow the new seats to be cornered by the left. The party has been losing support in large cities and Mr Guerra has not been able to stop the slide.

The prime minister looks more, rather than less, dominant after his nine years in power. Both right- and left-wing opposition parties have begun to move towards the socialists in the past few months in recognition that they represent the only real approximation to power in Spain.

Former prime minister Adolfo Suarez has practically handed his diminishing Centro Democratico y Social (CDS) party to Mr Gonzalez on a

plate. CDS MPs have been instructed to co-operate fully with the PSOE in parliament. Last month a clutch of leading communists joined the socialists. In elections in Andalucia last summer, the socialists soundly beat the left-wing Izquierda Unida that had damaged them in the general elections.

Even the economy, which two months ago appeared to be slowing too quickly for comfort, is beginning to behave the way Mr Solchaga predicted. Oil price rises are not hurting inflation targets as badly as feared and hints that the government may lift credit restrictions and free capital movements next year are cheering up the business and financial communities.

The Guerra scandal – based on allegations that the deputy prime minister's brother made himself rich by making use of his family connection – is not reaching as deep into the corridors of power as it threatened to. Mr Guerra's constant complaint that the entire affair is no more than a political campaign to force him from office is probably true, though some opponents have tried to turn the affair into a crusade for cleaner public ethics.

Mr Gonzalez has not been touched yet by scandal and it means he is free to impose his will on the mayors and functionaries that gather in Madrid on Friday. Most likely, that will involve striking a balance between helping supporters – such as the Catalan socialists – of a more open debate in the party and holding on to loyal and hardworking ideologues in the Guerra mould.

Much to his relief, he no longer has to worry about the UGT (the socialist trade union) lobby, which self-ejected by organising a general strike against government economic policy in 1988 and refusing to campaign for the party last year.

Mr Nicolas Redondo, the veteran UGT leader who led the split with the party, has promised to attend the congress as an observer. He will be much attended by the press, but ignored by just about everybody else.

Poland to press for swift border treaty

By David Marsh in Bonn

CHANCELLOR Helmut Kohl will come under pressure today from Mr Tadeusz Mazowiecki, Poland's prime minister, to sign the planned Polish-German border treaty soon after German elections next month.

Mr Mazowiecki, who is meeting Mr Kohl at the German border town of Frankfurt an der Oder, will press for a swift treaty confirming the validity of the Oder-Neisse line.

He said in an interview yesterday with the German newspaper Süddeutsche Zeitung that the treaty should be signed "as quickly as possible". This would match undertakings given by Bonn during negotiations on German unity with the four Second World War victors, he added.

In the interview, Mr Mazowiecki said he believed the Warsaw Pact would soon be wound up, and appealed for help from the west to prevent a new division of the continent into a "rich and poor Europe".

The Kohl government had been reluctant to sign the border treaty immediately after the December 2 elections as it wanted first to win agreement from the Poles on legal rights for the German minority living in Poland.

This hurdle appears to have been removed; Bonn officials now say that Warsaw has approved satisfactory arrangements for the Germans so the issue should not pose a problem at today's meeting.

The minorities issue will be dealt with by a second treaty on "good neighbourly relations and co-operation". This is being worked out between Bonn and Warsaw.

Mr Mazowiecki, who is campaigning for the Polish presidential election, said yesterday the border treaty could be signed soon after December 2 as the draft document had been agreed. "This is a matter of historic importance, and it should be considered independently of election campaigns in this country," he said.

Two towns split by more than history

By Leslie Colitt in Frankfurt an der Oder, Germany

THE ECONOMIC gap between Frankfurt an der Oder, where Chancellor Helmut Kohl today meets Mr Tadeusz Mazowiecki, the Polish prime minister, and the town of Slubice, across the river in Poland, has, if anything, widened in the past year.

Gleaming white apartment blocks and pedestrian malls lined with well-stocked shops on the east German side contrast vividly with delapidated buildings and bleak shops in Slubice.

The streets of the Polish town yesterday were filled with men recently dismissed from the local furniture factory. By comparison, Frankfurt an der Oder, although hit by short-time work in the local semi-conductor plant, was a beehive of activity.

Until May 1945, Slubice was simply the other half of Frankfurt an der Oder. Narrowing the growing gap in living standards between Germany and Poland will be essential if relations between the two countries are again to approximate normality.

Since German unification on October 3, Poles cannot enter Germany without a visa. Germans, however, are allowed into Poland visa-free and come in droves; the country urgently needs their D-Marks. They make no pretence of being tourists but simply buy – everything from cheap bread (at a quarter of the price) to bargain-priced clothing and handicrafts.

Germans along the Oder-Neisse border with Poland are divided over government plans shortly to re-open the border for visa-free entry by Poles. Many shudder when they recall the mass influx before October 3, when Poles sold trinkets, cigarettes and alcohol in the streets of east Germany to buy food and other goods for re-sale in Poland.

But Mrs Anne Ammer, a housewife who lives near the Peace Bridge between Frankfurt an der Oder and Slubice, said there were enough goods in east German shops for everyone. "My hope is that this border will become just as normal as the one between Germany and France. It simply has to be, with Europe uniting," she said.

The people of Frankfurt an der Oder have little sympathy with the shrill demands of Germans expelled from the east who claim Poland must allow them to return to their "Heimat". Many Germans expelled by Poland in 1945 live in Frankfurt an der Oder and have no desire to return except for a visit. Several hundred Poles who worked in east German factories married Germans and stayed.

But before communities can live together along this border as Germans and Frenchmen do along the Rhine, massive German investment in the Polish economy is needed, city officials in Slubice believe.

The Poles also expect German industry to indemnify Polish citizens who were employed as forced labour in Nazi German factories.

"It's a fair trade-off, indemnification in exchange for full equality for the remaining German minority in Poland," Mr Uwe Krüger, foreign editor of the Märkische Oderzeitung newspaper in Frankfurt an der Oder said.

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

German PSBR set to reach DM150bn

By David Marsh in Bonn

THE GROWING costs of German unity are likely to drive Germany's public sector net borrowing requirement to around DM140bn-DM150bn (£47.6bn-£51bn) next year, after DM100bn this year, according to latest government estimates.

The new borrowing total, DM20bn-DM30bn more than estimated only a few weeks ago, was stated by Mr Helmut Schlesinger, the vice president of the Bundesbank, at a meeting of Bonn's parliamentary budget committee.

Although the Finance Ministry could not confirm the exact figure, a spokesman said that next year's borrowing would probably be of the order of magnitude indicated by Mr Schlesinger.

The sharp rise is expected to fuel concern that Bonn will have to raise taxes after the elections on December 2 or risk a further damaging increase in interest rates. The centre-right coalition, for the moment, is ruling out tax increases to finance unity.

The Ministry spokesman stressed that the financial markets – which have absorbed growing volumes of public sector debt in recent weeks – were so far digesting Bonn's higher borrowing.

None the less, public sector borrowers are clearly laying plans to diversify fund-raising in view of a possible capital market squeeze next year.

Mr Joachim Kröske, a board member at Telekom, the telecommunications arm of the Bundespost, said yesterday that the Bundespost would be borrowing from all sources DM10bn a year over the next seven years.

He said it would be turning to foreign investors for part of this sum in view of "enormous requirement" for funds on the domestic capital markets. One idea under consideration was the issue of foreign currency bonds, although this would require a change in the Bundespost's statutes.

The Bundespost is making its first presentation to the international financing community in London on November 21 to make its name known to foreign investors.

It plans total capital investment of DM200bn over the next seven years, of which DM55bn will be geared to east Germany. DM70bn of this will be raised through new borrowing, doubling the Bundespost's outstanding debt to DM140bn over the next seven years.

Next year's mooted DM140bn-DM150bn public borrowing figure includes the central, regional and municipal government and various other federal financing, but not the Bundespost and the federal railways. It also does not include the social security fund, in large surplus.

Yesterday's estimate was seized on by the opposition Social Democratic party as vindicating its previous borrowing forecasts, which have repeatedly been denounced as over-pessimistic by the Finance Ministry.

Mr Theo Waigel, the Finance Minister, will present to the cabinet next Wednesday long-delayed figures for next year's budget. Concerning plans for spending cuts to offset financing pressures on the capital markets, Mr Waigel will announce no more than "objectives" rather than concrete measures, the spokesman said.

Finance Ministry officials admit that one reason why Mr Waigel is holding back from definite proposals to cut spending in non-unity related areas is because of the imminence of the general election.

Mr Schlesinger said yesterday that Bonn would have to transfer DM100bn to east Germany next year, above all in social security subsidies to shore up incomes.

Mr Manfred Carstens, parliamentary state secretary at the Finance Ministry, urged the German states or Lander to participate more actively in channeling funds to east Germany.

Bonn agrees pollution goal

THE German cabinet yesterday agreed the goal of cutting carbon dioxide emissions by more than 25 per cent by the year 2005, writes David Marsh.

This will add up to an overall German reduction of around 30 per cent if much tougher cuts planned for the polluting parts of east Germany are enacted. Because of its heavy concentration of industry and penchant for cars, Germany's per capita output of carbon dioxide is one of the world's highest.

However, the average annual emission of the gas in west Germany is 11.7 tonnes per head, compared with 22.4 in east Germany.

The cabinet disagreed on whether the reductions should be achieved by a specific tax on carbon dioxide emissions – as suggested by Mr Töpfer – or through a more general levy on fossil fuels, favoured by Mr Helmut Haussmann, the economics minister, as more acceptable to industry.

The ministers at a press conference yesterday denied any wide-ranging disagreement and said there was general accord to use market-orientated means to reduce carbon dioxide output.

Other methods to be used to achieve the reductions include better house insulation, improved district-heating for cities and towns and more efficient car technology.

Berlin Wall sections stored for recycling in a factory in Bernau. Tomorrow is the first anniversary of the Wall opening.

Alliance will create world's largest heavy truck-maker

Commission approves Renault-Volvo link-up

By David Buchan in Brussels, William Dawkins in Paris and Kevin Done in London

THE EUROPEAN Commission yesterday gave the go-ahead to a far-reaching alliance between Renault of France and Volvo of Sweden, a combination which will create the world's biggest heavy truck-maker, ahead of Daimler-Benz of Germany.

This was the first business alliance the Commission has vetted under its six-week-old merger regulation, which gives Brussels the right to scrutinise all mergers of companies with a combined annual turnover of Ecu5bn (£3.5bn), of which Ecu250m must be produced in at least two European Community countries.

The deal, first announced early this year, is part of the accelerating restructuring of the west European car industry. It involves the two companies exchanging significant minority crossholdings in each other's car and commercial vehicle operations. They will own 45 per cent of each other's truck and bus operations, while Renault will take a 25 per cent stake in Volvo's car operations and a 10 per cent holding in the Volvo parent company. Volvo will also take a 20 per cent stake in the Renault parent company, which includes the Renault car operations, with an option to take a further 5 per cent within three years.

Renault officials welcomed the decision and said they aimed to complete the share exchanges by the end of the year. The arrival of a foreign shareholder in Renault, formerly the temple of French industrial policy, has been greeted as an important sign of flexibility in President François Mitterrand's refusal to countenance either privatisations or nationalisations.

While declaring that the Franco-Swedish link-up did not restrain competition, the Commission gave its approval on slightly different legal bases for the truck/bus and car deals.

It said the decision by Renault and Volvo to take 45 per cent stakes in each other's truck and bus divisions and to integrate their production put that part of the deal under the merger regulation introduced in September.

But it said the decision by Renault and Volvo on 25 per cent cross-shareholdings in each other's car divisions, which are to be less integrated than the truck and bus operations, did not yet constitute a merger as defined in September's regulation.

Nevertheless, it had examined and found no objection to the car alliance on general competition grounds. Should Renault and Volvo dovetail their car operations more closely, as Community officials expect, they will have to go back to Brussels for formal approval.

At the UK's request, Sir Leon Brittan, the competition commissioner, will today brief internal market ministers on how his 45-strong merger task force is coping with its growing workload.

Already notified to the Commission are the link-ups between the AG insurance group of Belgium and Amev of the Netherlands, and between ICI and Tioxide, both British. Commission officials also say they have been notified of an Anglo-French merger that is shortly to be announced.

Brussels is awaiting notification of the two planned alliances concerning Fiat, one with CGE of France and the other with Enasa, the Spanish truck-maker.

Hungary sees no need to reschedule $20bn debt

By Anthony Robinson and Judy Dempsey

HUNGARY EXPECTS no difficulty in servicing its $20bn foreign debt and rules out any question of debt rescheduling, Mr Gyorgy Suranyi, governor of the central bank, said yesterday.

His confident outlook comes in spite of an expected $700m current account deficit next year due to the combined impact of the Gulf crisis, the switch to a dollar-based trading system by the Soviet Union next January and this year's Hungarian drought. Together these will cost Hungary $1.5bn. During the first nine months of this year the country had a $400m current account surplus.

Mr Suranyi said Hungary should next year have no problem paying out of current earnings the $1.6bn it owes in interest on its hard currency debt, leaving the principal of $2.2bn to be covered by the markets.

He said a recent Y15bn samurai bond had been oversubscribed and another Y10bn worth of bonds were being issued, while German and Austrian investors were also responding well to Hungarian paper. A DM800m standby facility with German banks remained untouched.

A 16 per cent rise in hard currency exports this year had led to a significant improvement in Hungary's debt service ratio from 70 per cent in 1987 to 40 per cent in 1990.

Inflation, although still rising 26 per cent annually, is lower than in other east European economies, while output is expected to fall by 5.5 per cent this year and 3 per cent in 1991, he said.

The switch to dollar trading in Comecon will cost Hungary dearly in the short term. The loss of a third of Hungary's trade with Comecon this year was equivalent to a 7 per cent drop in GDP, he said. But by shifting trade to the west – exports to hard currency countries increased 16 per cent so far this year – Hungary should benefit in the longer run.

Moscow and Budapest agreed in the spring to fix the transferable rouble at the equivalent of $0.92, giving Hungary a credit worth $1bn with Moscow. This could be used to offset the higher oil price, although it is understood that the Soviet Union wants the credit to be spread over five years.

Walesa to step down as Solidarity leader

MR LECH WALESA, favourite to win Poland's presidential election this month, said yesterday he would step down as Solidarity leader after the poll whatever the result, Reuter reports from Gdansk.

"If I lose the elections, I will be finished politically," he told the national committee in Gdansk. "The union is going to have to fight and I do not want to lead it, or else people will say I am trying to get my own back," he added. "But if I win, I will also have to go, so you'd better find a new leader."

Mr Walesa, Solidarity's leader since its birth in 1980, will have Mr Tadeusz Mazowiecki, the prime minister, as his main rival in the November 25 election.

Union sources said Mr Walesa's probable successor would be Mr Bogdan Borusewicz, a veteran underground activist and leading organiser of the 1980 strike that led to Solidarity's creation.

● Catholic priests in the eastern town of Lublin have threatened to excommunicate people who support abortion, Reuter reports from Warsaw, quoting a daily newspaper.

"Local newspapers are stormed with phone calls from outraged people," the Sztandar Mlodych newspaper reported. "Curses and excommunications from the pulpit are such a distant phenomenon that believers in Poland forgot it long ago."

The church took a tough stand on abortion last month when Polish bishops called the country's liberal abortion law an "ally of evil" and "reason for mass depravity of the human conscience." Parliament's upper house approved a draft of a strong new anti-abortion bill last month but the lower house postponed discussion of the controversial issue.

According to an independent poll published by the government daily Rzeczpospolita, 60.4 per cent of Poles are against the Senate's law and only 23.3 per cent support it.

● THE MIDDLE EAST

Japanese suspend debate on sending troops overseas

By Ian Rodger in Tokyo

DEBATE on the controversial legislation that would enable the Japanese government to send troops abroad on peacekeeping missions was suspended yesterday because of a row over whether or not to bring the bill to a vote in a Diet (parliament) committee.

Leaders of the ruling Liberal Democratic party (LDP) have tacitly acknowledged that the bill will fail, and are now seeking discussions with the opposition parties to draft a new bill that will be more widely acceptable.

The LDP does not have an absolute majority in the upper house. Its hopes of picking up support from minor opposition parties for the bill collapsed last week when it won only a slim majority in an Upper House by-election and after public opinion polls showed a clear majority of Japanese people opposed it.

The government introduced the bill in the middle of last month to show that Japan was now willing to share the human as well as financial risks of trying to resolve international security crises, such as in the Gulf. The legislation drew immediate fire from all over the country on the grounds that some of its provisions appeared to infringe the pacifist constitution.

Many Japanese fear that the sending of troops abroad on peacekeeping missions would be a first step down the slippery slope to militarism. In debates in the Diet, the vagueness of provisions limiting the scope of soldiers' activities became painfully apparent.

LDP leaders had wanted to save at least a bit of face, and so proposed bringing the bill to a vote this week in the Lower House, where it has a comfortable majority. The opposition rejected that, and yesterday even refused to allow it to come to a vote in committee. With only two days remaining in the current Diet session, the LDP yesterday faced the inevitable.

Mr Ichiro Ozawa, the LDP secretary-general and architect of the bill, backing off a parliamentary confrontation, said yesterday that all he wanted was a "thorough discussion" with the opposition parties. Unwilling to let him off the hook, they demanded that the LDP withdraw the present bill as a precondition to opening talks on discussing the contents of a new one.

The collapse of the bill reflects badly on Mr Ozawa and Mr Toshiki Kaifu, the prime minister. However, repercussions are not imminent, because of the lack of acceptable alternative leaders readily available.

There is probably wide support both in the Diet and in the country for the creation of a force specialised in overseas peacekeeping activities and from which the existing Self-Defence Forces (SDF) would be excluded.

A Japanese contribution to the UN peacekeeping contingent planned for Cambodia is considered desirable.

The LDP hopes to introduce a new bill when the next session of the Diet begins in mid-December.

US Marines from the 3rd Tank Battalion practising with their pistols in the eastern Saudi desert

Paris comes under fresh suspicion

By Ian Davidson in Paris

SUSPICIONS that the French government may have made a behind-the-scenes deal with Iraq to secure the release of the 263 French hostages last month have been given a new lease of life by Mr Claude Cheysson, the maverick former French foreign minister.

In an interview with the Figaro newspaper yesterday, Mr Cheysson repeated the official French line that there had been no negotiation and that their release was a unilateral decision by the Iraqi government.

Yet he dropped tantalising hints it might not have been as unilateral as all that, and he remained studiously evasive on the question of whether he had secretly met Mr Tariq Aziz, the Iraqi foreign minister, shortly before the release. "When I was in government, I learned one thing: that one must never comment on the conditions surrounding the liberation of hostages".

Mr Cheysson went on to assert that all foreign hostages could be released if Iraq were offered a political deal, including a compromise on Iraq's debt to Kuwait, compensation for the oil field at Rumaila and Iraqi access to the Gulf.

Three events are usually cited as indications of French goodwill towards Iraq. The first was President François Mitterrand's speech to the UN General Assembly on September 24, in which he held out the possibility of a broad-based negotiation *after* the release of all the hostages and *after* the withdrawal of Iraq from Kuwait.

Second, the French army contingent in Saudi Arabia was withdrawn slightly further south on October 20, to a position 30 km further away from Iraq. Third, the French government took the opportunity of the release of the hostages, to bring home the remaining French diplomats in Kuwait, a move which left only the US and the UK continuing to man their embassies in Kuwait.

Saddam releases 120 more hostages

By Our Foreign Staff

PRESIDENT Saddam Hussein yesterday ordered the release of a further 120 foreign hostages, including 100 Germans, after talks in Baghdad with Mr Willy Brandt, the former West German chancellor.

The Iraqi News Agency said those to be released included Americans, Britons, Italians and others. "The president has responded to a plea by Willy Brandt... in appreciation of the humanitarian role played by Brandt and his efforts in the service of the cause of peace," the agency said.

Mr Yasuhiro Nakasone, the former Japanese prime minister, meanwhile left Baghdad with 74 freed Japanese captives following his own discussions with Mr Saddam.

The Iraqi leader, by releasing hostages gradually and favouring those countries which lean towards negotiation rather than war, has sought to divide the alliance ranged against him following Iraq's invasion of Kuwait in August.

A constant stream of supplicants arriving in Baghdad has given heart to the isolated Iraqi leadership. But there are few signs so far of any serious cracks in the anti-Iraqi alliance as a result of the hostages. Some visitors to Baghdad believe Iraq may now want to release them all to avoid giving the Americans a pretext for war.

Instead of allowing the International Committee of the Red Cross to look after the interests of some 3,000 foreigners still hiding in Kuwait or detained in Iraq - many of them as "human shields" at strategic sites - Iraq has opted to deal separately with various national Red Cross societies.

Yesterday the British Red Cross announced it had reached an agreement in principle with the Iraqi Red Crescent to allow Britons detained at strategic locations to communicate by message with their relatives at home.

Mr Brandt was not optimistic about the prospects for peace when he addressed a news conference in Baghdad yesterday. He said flexibility would be needed by those involved in the Gulf crisis if war was to be avoided.

"I hate to say it, but perhaps at the moment there is a little bit more flexibility on the side of the United States than on the side of the United Kingdom," he said.

"The danger of the war does exist and confrontation may start as a result of any wrong interpretation or miscalculation."

Beirut militias given ultimatum

PRESIDENT Elias Hrawi yesterday set a 10-day deadline for Christian and Moslem militias to withdraw from Beirut and permit the reunification of the city as a demilitarised zone, AP reports from Beirut.

Unifying the war-battered capital, divided into Christian and Moslem sectors since April 1975, is a key element in an Arab League-brokered peace plan to end Lebanon's 15-year-old civil war.

A statement issued after a two-hour cabinet meeting said the final process for creating a demilitarised "greater Beirut" will begin on November 10 and is scheduled for completion on November 19.

The main militias on both sides agreed to withdraw their fighters and weapons from the city after the Syrian army crushed the rebel Christian leader, General Michel Aoun, on October 13. Gen Aoun strongly opposed the peace plan, saying it provided no timetable for the withdrawal of Syria's 40,000 troops.

Yesterday's statement was the first time the government mentioned a deadline for the reunification process that began immediately after Gen Aoun was defeated in a fierce eight-hour battle in which at least 550 people were killed.

The government statement said: "Any attempt to obstruct or stall the process of creating greater Beirut will be dealt with severely. There shall be no tolerance." Syria, Lebanon's main power broker, has pledged to back Mr Hrawi in implementing the peace plan.

The president is also trying to rebuild the Lebanese army, for years fractured along sectarian lines.

At present, military officials said, he only had an effective combat force of about 9,000 Moslem troops and relied totally on Syrian muscle.

In the last few weeks much of the Green Line that divided the capital into sectarian cantons has been dismantled and there are no longer any restrictions on travel between the Christian eastern sector and the Moslem west side.

Israeli police battle with mourners of extremist rabbi

UP TO 15,000 Israelis, including many ultra-orthodox religious Jews, turned out yesterday to mourn Rabbi Meir Kahane, the extremist anti-Arab figure assassinated in New York on Monday night, Hugh Carnegy writes from Jerusalem.

At an emotional funeral that sparked outbreaks of rioting by some of his supporters, police battled mourners shouting "Death to Arabs" - the common cry of Mr Kahane's Kach movement.

The security forces are on alert for violent reprisals against Palestinians and have warned senior Palestinian leaders about the possibility of personal attacks. Police were out in force warning mourners against violence, butseveral people, including at least one Arab, were reported hurt in the clashes.

Although once elected to, and later barred, from parliament, Mr Kahane won only fringe support for his overtly racist policy of removing Arabs from Israel and the territories.

But his stance has been echoed by several politicians still in parliament.

Yesterday three ministers from the right-wing government attended the funeral, although two left quickly after receiving a hostile reception from other mourners.

US fighter squadrons to leave Philippines

By Greg Hutchinson in Manila

The US told the Philippines yesterday it will remove all fighter aircraft from its former colony next year.

A US embassy statement said that, at some point in 1991, the US will have no fighter aircraft permanently based in the Philippines and that more than 1,800 US military personnel will have departed.

Clark air base has recently been home to three fighter squadrons and the last two of these, numbering an estimated 48 F-4s, will be pulled out next year.

Mr Richard Armitage, a US special envoy, told Mr Raul Manglapus, the foreign secretary, of the decision yesterday on the eve of a second round of negotiations on a possible treaty allowing for the continued US use of one or more of six US military facilities north of Manila.

The talks begin today and are scheduled to conclude tomorrow night.

The embassy statement said the US decision was separate from the bases talks.

It "was influenced, although not dictated, by the government of the Philippines' publicly expressed position that the fighters should be removed by September 1991."

It added: "The American offer of partnership in the process of transforming military facilities by phasing down the US presence while phasing in joint use, commercialisation, and new economic enterprises remains on the table."

Manila has said it wants full sovereign control of Clark air base – headquarters of the US 13th Air Force and four smaller facilities – by September 1991. A later date would be acceptable for Subic naval base, the main ship repair and maintenance facility of the US Seventh Fleet.

The embassy statement said that the US was informing its allies and friends in the Asia-Pacific region of the decision.

"We are assuring them that the removal of the US fighter aircraft previously based at Clark from the Philippines in no way diminishes our responsibilities in the Pacific," it said.

Workers in Japan set for 9.6% bonus

By Ian Rodger in Tokyo

YEAR-END bonuses for workers in Japan's 13 leading electrical companies will rise by an average 9.6 per cent, the companies announced yesterday.

The high rate, which coincides with a deteriorating outlook for business, suggests that concern over labour shortages outstrips worries over inflation or a downturn in conditions.

The powerful electrical industry normally sets the pace for other industries in fixing bonus and wage rates. Other manufacturing industries, already hit by slower business conditions, could have difficulty keeping up.

The 9.6 per cent rise is slightly below last year's 10.6 per cent, but is well above the roughly 4 per cent growth rate of the economy as a whole.

Mr Peter Morgan, of BZW, pointed out that the electrical industry had long been one of the economy's productivity stars. He said the rate of bonus growth suggested labour pressure was peaking, reflecting a downward trend in the ratio of job offers to applicants.

Militants in Kashmir rocket attacks

By K K Sharma in New Delhi

MILITANTS belonging to the Hizbul Mujahideen, a group that wants Kashmir to merge with Pakistan, attacked security forces and an Indian army camp with rockets in several parts of the Kashmir valley yesterday, breaking a month-long lull in hostilities in the disputed state.

The attacks come at a time when political developments in India have weakened the authority of the central government and there is no effective direction of policy on Kashmir.

Yesterday's assaults may herald a renewed campaign of violence before the winter sets in. Although some buildings in which the security forces were staying were slightly damaged, the militants have yet to master the use of rockets since most failed to hit their target.

The situation in Kashmir remains grim. A night-time curfew in Srinagar, the capital, has lasted more than 11 months and daytime curfews are frequent, with security forces making house-to-house searches in attempts to flush out rebels.

Because of widespread complaints of excesses by paramilitary forces used to make such searches the state administration is now relying on the army to carry them out. The complaints are fewer, but the unpopularity of the administration and deep anti-Indian feelings persist.

The problems of the Kashmiris have been aggravated by a strike by more than 150,000 government officials since September 14 to protest against the dismissal of five of their colleagues. Work in government offices has been at a virtual standstill since then.

Pakistan to speed up nuclear programme

MR Nawaz Sharif, Pakistan's newly elected prime minister, said last night that the country's peaceful nuclear programme would be accelerated to accommodate the growing need for energy, Farhan Bokhari writes from Islamabad.

In his first address to the nation, Mr Sharif said that because of recent increases in the price of oil in the wake of the Gulf crisis, Pakistan could not embark on rapid industrial development without developing its nuclear energy potential.

The US recently halted aid to Pakistan because of suspicions in Congress that Pakistan's nuclear programme was potentially weapons oriented. However, Pakistani government officials have always said that the programme was only for peaceful purposes.

Mr Sharif said that his government would adopt new measures to accelerate industrial development in order to overcome Pakistan's developmental problems. These would include privatisation of government-owned industries, tax concessions for newly established industrial units and incentives for foreign investment.

He also announced the lifting of a three-month state of emergency and said his government would adopt measures to reintroduce a special quota of seats for women in the newly elected 217-seat parliament.

Afrikaner churchmen undermine racists

By Patti Waldmeir in Rustenberg, Transvaal

AFTER 40 years spent providing moral support for apartheid, South Africa's Dutch Reformed Church – the spiritual home of the Afrikaner people – has confessed the sin of apartheid and promised restitution to its victims.

In the emotion-charged atmosphere of the first multiracial church conference to be held since apartheid split the Christian community, confessions of guilt came hard and fast. Among the 200-odd delegates gathered at a Western Transvaal resort, everyone was sorry for the wrongs of apartheid.

But when the newly-elected moderator of the Dutch Reformed Church, Prof Pieter Potgieter, rose to make a confession of guilt on behalf of the church which arguably helped invent apartheid – and which found the justification for racial segregation in the Bible itself – the gathering of churchmen was clearly moved.

In a society where political and religious values are so closely intertwined, this week's expression of remorse could undermine the strength of right-wing parties which claim their ideology of racial division is sanctioned by scripture. If so, the church's conversion could have a significant impact on South Africa's prospects for a peaceful transition.

The country's leading Anglican cleric, Archbishop Desmond Tutu, was certainly moved by it.

In a voice which betrayed the tears in his eyes, Archbishop Tutu said he had found the experience "in many ways quite shattering". Less than 24 hours earlier, he had heard another senior Dutch Reformed theologian, Prof Willie Jonker, confess the church's "sin and guilt".

Among the black, Coloured and white representatives of the other main anti-apartheid churches, the spirit of forgiveness was less in evidence.

"For us, reconciliation without justice, repentance without restitution, those things do not have the ring of truth about them," said Father Smangaliso Mkhatshwa, a leading anti-apartheid churchman.

Delegate after delegate pointed out that the Church's nickname – "the National Party at prayer" – is an accurate one. The church's conversion away from apartheid merely parallels that of the party itself, they argue. Both must prove their repentance with concrete deeds of restitution. Churchmen aligned to the African National Congress (ANC) and other black political groupings believe that restitution should involve the return of land expropriated from blacks, and other forms of redistribution of wealth.

Dutch Reformed Church leaders are clearly unwilling to take their repentance quite that far.

Asked for evidence of the church's intention to provide restitution, Prof Potgieter pointed to its decision to call on government to adopt a bill of human rights outlawing discrimination according to race.

But, much like the National Party itself, the church wants to see so-called "group rights" protected in a new constitution. Anti-apartheid delegates see that as a veiled form of discrimination.

Buthelezi may seek special rights for minority groups

By Michael Holman, Africa Editor

A SUCCESSFUL transition to democracy in South Africa might have to include provision for "minority group rights," Chief Mangosuthu Buthelezi, president of the Inkatha Freedom Party and Chief Minister of the KwaZulu black homeland, said in London yesterday.

"Many white South Africans are afraid of the future and that fear is as real as it is unjustified," Chief Buthelezi told a press conference. "You cannot just ignore it. If we do so, we will be inviting a white backlash" which, he said, would make the civil conflicts in Angola and Mozambique "look like child's play".

While a bill of rights might provide adequate protection for minorities after "a successful transition to a democracy", said Chief Buthelezi, "I raise the question of minority group protection (as) highly relevant to whether or not we are ever going to reach the democracy we are aiming for."

Chief Buthelezi has been meeting politicians and businessmen during a brief visit to London, and will see Mrs Margaret Thatcher, the British prime minister, next week.

Formal constitutional talks are likely to get under way in South Africa in the first half of next year. Chief Buthelezi, who will be one of the central participants, said Inkatha, the predominantly Zulu party, advocated "one South Africa with one sovereign parliament resting on universal adult franchise."

WORLD TRADE NEWS

Germans see farm offer as 'starting point', says Blewett

By David Marsh in Bonn

A GERMAN Economics Ministry official yesterday indicated that the EC compromise offer on farm support might simply be a "starting point" in farm trade talks, Mr Neal Blewett, Australia's trade negotiations minister, said.

Mr Blewett, spokesman for the Cairns Group of agricultural producer-countries, held out this hope for further compromise after talks with the German government. "The proposals advanced by the EC [on Tuesday night] will not be acceptable as a final outcome," he added.

Underlining the continuing gloom over the outlook for a farm deal despite the EC proposals, he said: "The Uruguay Round is in huge difficulties."

He said that the EC had to make further progress on access to the EC market for outside agricultural produce. It also needed to make suggestions on cutting export subsidies – the "most distorting" area of EC farm policies.

Mr Blewett is leading a delegation from the Cairns Group, including among others Australia, Argentina, Brazil, Canada, and New Zealand, to Europe to stress the need for a Gatt talks farm deal.

After meeting Mr Ignaz Kiechle, German agriculture minister, the delegation is travelling to Paris and Brussels today.

Mr Blewett said other German ministries did not appear to share the economics ministry view that there might be an improvement on the EC offer.

Mr Kiechle, who has been solidly backing the French line opposing big support cuts for domestic farmers, said the Brussels compromise went far towards avoiding extra burdens for German farmers. The Tuesday night offer was none the less severely criticised by the German Farmers Association yesterday.

The Brussels package was also attacked by the Federation of German Consumer Associations which said that planned extensive support for smaller producers would make EC farm policies "even more wasteful than before".

Mr Charles Mayer, the Canadian Grains Minister, who was accompanying Mr Blewett at a press conference yesterday, denied that the Cairns Group wanted to elimite all EC farm support.

But the EC had to go much further in "set aside" programmes which would pay farmers no longer to use land to farm surplus products.

US delays Gatt rules waiver on E Europe

By William Dullforce in Geneva

THE US yesterday delayed approval by the General Agreement on Tariffs and Trade of the two-year waiver from Gatt rules that the European Community is seeking for trade between the former East Germany, the Soviet Union and east European countries.

Separately, it urged bilateral talks on the EC's recently-imposed ban on imports of pork and other fresh meat from the US. Consultations are usually the prelude to a request that Gatt settle a dispute.

Until the end of 1991, Brussels is applying duty-free quotas to goods imported to the former East Germany under earlier bilateral agreements with east European countries.

Immediate application of EC trading rules could accelerate factory closures and unemployment in the exporting countries, the EC Commission said.

The Commission asked the Gatt council to approve a waiver from Gatt's non-discrimination obligation. The US, backed by Australia, Canada and Hong Kong, asked the council first to set up a working party to examine the effects of the measures on non-EC trading countries, arguing that the effects could be significant.

The council chairman will try to settle the matter before the meeting of Gatt members in the second week of December.

Mr Rufus Yerxa, deputy US trade representative, said there was no scientific basis and only the flimsiest justification for the ban on imports of pork from US slaughter houses from November 1 and of beef from January 1 next year. Last year the US exported some $12.5m (£6.4m) in pork products to the EC.

The EC move, coming in the midst of a row over Brussels' failure to table an offer on agriculture in the Uruguay Round trade talks, has been seen as a deliberate provocation. EC officials deny that there is any connection with the Round.

Brussels charges that US slaughter houses maintain insufficient hygiene and veterinary control and inadequate post-mortem inspections.

The US and the EC apply different scientific standards. But Mr Yerxa said 250m people in the US ate meat from US slaughter houses without being poisoned. Earlier, the EC cut off a large amount of US beef exports with a ban on hormone-treated meat. The US retaliated with sanctions.

US beef farming, and EC relaxes beef regime, P 36

Farm deal begs two important questions

By Tim Dickson in Brussels

GATT

TUESDAY night's deal on EC farm reform begs two main questions besides the obvious "will they, won't they" in Geneva.

One is to what extent seven special meetings of the EC Council of Ministers over five painful weeks have watered down the Commission's original offer.

The other is why France, latterly the most obstructive of the 12 member states, finally gave the project its reluctant blessing.

Different answers to the first question were provided late on Tuesday night by Mr John Gummer, UK farm minister, and by Mr Louis Mermaz, his tough counterpart in Paris, who only took over the reins of French agriculture this autumn.

By reading out large chunks of the two finally-agreed texts which modify the Commission package, Mr Mermaz sought to give the impression that major concessions had been extracted to protect the interests of the French farmers and other producers.

Mr Gummer, by contrast, said the original Brussels offer had only been "altered in minor respects" and observed how "remarkable" it was that "a proposal as radical as this should have come through virtually unscathed".

Such comments are only part of the long EC tradition of finding compromises which all sides can claim (primarily for domestic political reasons) as a victory. The truth is probably somewhere in between.

Certainly it is fair to say the lengthy deliberations have not markedly altered the structure of the EC's offer.

As one Brussels-based farm policy expert put it yesterday: "It's rather as though the ministers took hold of the framework, rattled it, found some screws loose, and decided to tighten them up."

The political message to other participants in the Uruguay Round – that this is not only the EC's opening offer but pretty near its final offer – is perhaps most significant of all.

Four key issues dominated discussions over the last five weeks:

- **Export refunds.** The ministers were determined to counter US proposals that these should be reduced faster than internal supports, and nip in the bud any temptation to make these the subject of a specific offer in Geneva.

The final tortuous wording is still vague but intended to underline this point;

- **Social measures/income supports.** The Germans were especially keen for Brussels to signal its clear intention that European farmers will not be left to drown.

The general commitment of the Commission to "re-shaping" the Common Agricultural Policy may not be unambiguous, but apart from a promise to boost the set-aside scheme, under which arable farmers are paid to take land out of production, no detailed schemes have been announced;

- **Re-balancing.** This is the buzz-word for introducing new EC protection in areas such as oilseeds and cereal substitutes, while ensuring an overall reduction in farm support. An important clause in the original proposal softening this approach, inserted by Mr Frans Andriessen, EC external relations commissioner, as a symbolic reassurance to the US, has been excluded from the final agreement;
- **External protection.** This was the issue which went to the heart of the French complaint.

Mr Mermaz was concerned that in certain extreme cases, the external tariffs which keep out cheaper food supplies from world markets could come down more quickly than internal farm subsidies.

The Commission, and Mr Gummer, insisted his fears were unjustified, but after numerous forms of words had failed, it was agreed to remove a key paragraph from the original text offering to reduce "tariff equivalents" for most products by 30 per cent.

The amendment shores up a fundamental principle of the CAP, but one which many felt was never being challenged.

Rocard hails EC 'success'

The French Government yesterday welcomed the EC's compromise agreement to cut EC farm supports, **William Dawkins reports from Paris.**

Mr Michel Rocard, prime minister, said the hard-won agreement was a great success and he was satisfied it included measures to limit the impact on farmers' incomes, Mr Louis Le Pensec, government spokesman, declared.

Mr Louis Mermaz, agriculture minister, was also content Paris had won the guarantees it had sought to ensure EC farmers would continue to receive preferential access to EC markets, whatever final agreement was reached in the Uruguay Round talks. Mr Mermaz thought this a substantial success, Mr Le Pensec added.

French farmers heaped bitter criticism on a European Community proposal to cut farm subsidies and threatened protests in two cities, hours after politicians lauded the plan as a victory for European farming, Reuter adds.

"This is excessively bad for the future of European agriculture," Mr Raymond Lacombe, president of the French national farmers' union.

Taiwan to promote trade with Moscow

TAIWAN is hoping to barter consumer goods for Soviet raw materials to substantially boost trade between the two countries, economic officials said on Tuesday, **Reuter reports from Taipei.**

"The Soviet Union is short of foreign exchange and the only way to boost trade with Moscow is through barter trade," Chiang Ping-kun, vice-economic minister said in an interview.

He said the Soviet Union had experience bartering with eastern European countries but Taiwan was new to the idea of swapping one type of goods for another of equivalent value.

"It's all new to us," Chang said. He said the Economic Ministry, the Board of Foreign Trade and Taiwan's China External Trade Development Council (Cetra) were all scrambling to figure out the mechanics of the barter process.

But hopes are high, because Taipei could supply consumer goods while Moscow could offer materials, including lumber, cotton, coal, oil, steel and iron and other minerals, officials said.

Mr Vincent Siew, economics minister told reporters on Monday that Taiwan businessmen could use Swiss or Austrian banks as intermediaries.

Both Taiwanese and Soviet traders could open letters of credit through these banks and then arrange the barter deal.

Another possibility would be for Taiwan's large state enterprises to purchase Soviet raw materials and then make repayment in consumer goods from private Taiwanese manufacturers.

Taiwan's mounting "Soviet Fever" was raised another notch last week with the visit by Moscow Mayor Gavill Popov to Taipei, the highest Soviet dignitary ever to visit the island.

A three-man trade delegation from the Soviet Union is now in Taiwan with a shopping list worth about $100m for goods ranging from computers to electric appliances and textiles.

Taiwan's two-way customs-cleared trade with the Soviet Union rose to $77m in the first nine months of 1990 from $55m in the same period last year, Lee Chang-lu, deputy director of the Board of Foreign Trade, said in an interview.

The figure is expected to reach $100m this year, up from last year's $75m, he said.

"I believe our trade with the Soviet Union could double next year or even more if we could do barter trade," he said.

Italians to build L100bn N Sea rig

By John Wyles in Rome

A L100bn (£45m) oil and gas production platform weighing 11,000 tonnes, to be operated in the North Sea's Scott field, will be the biggest ever installed as a single structure, the Italian manufacturers, Belleli, said yesterday.

The Mantova-based company has been given the construction contract by a consortium headed by Amerada Hess.

Instead of the platform being assembled on site in the production field, it will be put together at the company's Taranto facility in the south of Italy, shortening the manufacturing time. Oil and gas extraction from the platform is due to start in 1993.

Finns resume payments for Soviet trade

THE Bank of Finland has resumed payments in its barter-style clearing trade system with the Soviet Union, it said yesterday. They had been suspended for almost a week because of confusion over Moscow's new exchange rate system, Reuter reports from Helsinki.

The bank also quoted a rate for the so-called clearing rouble for the first time since last Wednesday. The payments and quotation were halted last Thursday when the Soviet state bank quoted a "commercial rate" as well as the previously-quoted official rate and tourist rate, but did not indicate which the Bank of Finland should use for trade.

"Until further notice, the basis of quotation will be the so-called official rate quoted by the Soviet state bank," the bank said. The head of the bank's bilateral trade department, Mr Kari Holopainen, who held talks in Moscow earlier this week, said: "The payments go on. They have resumed at the official rate".

Finnish exporters could be waiting for some markka 30m (£4.2m) in payments but Mr Holopainen added: "I don't think so far it has been reflected in the flow of goods".

Under the clearing payments system, each country's central bank pays its own exporters and the trade is meant to balance.

In the first nine months of 1990, some 75 per cent of Finnish exports to the Soviet Union had been paid for in clearing roubles and the rest in freely convertible currencies. Moscow has said it wants to abandon the clearing system in favour of trade in convertible currencies.

A senior Finnish Trade and Industry Ministry official said this week that Finland had suggested a transition of one or two years in the transfer to free currency trade.

ADB approves SDR107m farm loan for Pakistan

By Greg Hutchinson in Manila

THE Asian Development Bank (ADB) has approved an SDR 107.62m (£76m) loan to Pakistan for the country's more-than-$2bn (£1bn) agricultural credit project.

The ADB interest-free loan will come from the bank's Asian Development Fund, with a term of 35 years, including a grace period of 10 years, at a service charge of 1 per cent a year.

The ADB loan will be re-lent by the government to the Agricultural Development Bank of Pakistan, the nation's largest spec'alised financial institution, the ADB said.

The agricultural credit project involves agricultural credit operations, new farm credit schemes, agricultural credit research, computerisation of land records, and institutional development assistance. Joining the ADB in providing foreign exchange funding are the World Bank, lending $150m, and the International Fund for Agricultural Development, contributing $25m.

Union Carbide plant planned for Canada

UNION CARBIDE Corporation said it formed a joint venture with three partners to build a new plant in Alberta, Canada, for C$350m ($303m), **AP-DJ reports from Danbury.**

The new plant is expected to manufacture 300,000 tons of ethylene glycol per year when it is fully operational. Start-up is scheduled for late 1994.

The joint venture partners are Union Carbide Chemical and Plastics; Far Eastern Textile, based in Taiwan; Mitsui, based in Japan; and Oriental Union Chemical Corporation, based in Taiwan. Union Carbide will own 50 per cent of the venture, and the other three partners will own the remaining 50 per cent of the venture equally.

South Korean communist exports rise

SOUTH KOREA'S trade with communist countries increased to $3.77bn in the first nine months of this year, up 23.7 per cent over the same 1989 period, a Trade Ministry spokesman said, **Reuter reports from Seoul.**

Seoul's exports to the Soviet Union, China and other communist nations totalled $1.78bn in the January-September period, while imports were $1.99bn.

The figures accounted for 3.9 per cent of South Korea's overall trade with foreign nations, against 3.4 per cent a year earlier.

South Korea's trade deficit with communist countries fell to $210m in the nine months from $303m a year before.

Money and TV overwhelmed the 'kick 'em out' mood among electors, writes **Lionel Barber**

Voters plump for the devils they know

By Lionel Barber in Washington

IN THE run-up to the mid-term elections, most surveys showed that voters were more cynical and more disillusioned with their politicians than at any time since the Watergate scandal. But in the end, they voted overwhelmingly to re-elect the same old faces to the House of Representatives and the Senate.

The miniscule turnover in Congress means familiar faces will be in charge or in positions of seniority on Capitol Hill: Senator Strom Thurmond of South Carolina, 87, will re-occupy his ranking seat on the judiciary committee; Senator Claiborne Pell of Rhode Island, 71, first elected in 1960, will still chair the foreign relations committee; and Senator Jesse Helms of North Carolina, 69, will remain a conservative thorn in the side of the administration for six more years.

The high re-election rate means a net gain for the Democrats of one seat only in the US Senate; in the House, Republicans kept their losses to an estimated nine seats. In historical terms, this compares unfavourably with almost every mid-term election in recent memory. In 1982, the Republicans suffered heavy House losses because of the recession; in 1986, the Democrats regained control of the US Senate by a margin of 55-45, doing particularly well in the south.

Tuesday's elections will probably be remembered more for what might have been. In what would have been a stunning upset, Senator Bill Bradley of New Jersey spent $10m but only scraped home against Mrs Christine Todd Whitman, a virtually unknown and underfinanced Republican opponent. In Georgia, Mr Newt Gingrich, the House Republican whip and the man who last month almost single-handedly unravelled the budget deal, only just survived a surprisingly strong Democratic challenge.

US CONGRESS

THE SENATE		THE HOUSE OF REPRESENTATIVES	
REPUBLICAN	44 (45)	REPUBLICAN	167 (176)
DEMOCRAT	56 (55)	DEMOCRAT	267 (258)

The rule that well-financed House and Senate incumbents are virtually unbeatable in an age dominated by television still holds as Democratic presidential hopefuls such as Mr Sam Nunn and Mr Al Gore can testify; but there were notable exceptions, notably in Minnesota, where Senator Rudy Boschwitz, a middle-of-the-road Republican and strong supporter of Israel, lost to Mr Paul Wellstone, a former academic who used humour as his most powerful weapon: in one TV spot, he apologised for speaking fast because he was running short of money for future campaign ads.

Mr Boschwitz lost largely because he was tainted by a sex scandal involving the Republican candidate for governor who later withdrew. A similar fate befell Mr Arlen Stangeland, a Republican Congressman since 1977, who was replaced by Mr Colin Peterson, a Democrat.

The savings and loan scandal had an impact, too. In Oregon, Mr Denny Smith, a five-term Republican and former Vietnam combat pilot linked to S&L money, went down to defeat. So too, did Mr Charles Pashayan, a six-term Republican from California who took money from Mr Charles Keating, the former chairman of Lincoln Savings and Loan who is on trial for criminal fraud.

These results suggest that the "Keating Five" – Senators John Glenn, John McCain and Dennis DeConcini, Alan Cranston and Don Riegle (chairman of the Senate Banking committee) were extraordinarily fortunate not to be standing for re-election this year. On the other hand, all five face further scrutiny before the Senate Ethics committee. Informed bets suggest that Mr Cranston, 76, will be advised to step aside as Senate Democratic whip rather than stand for re-election in the 102nd Congress.

Stepping down as whip could be the prelude to Mr Cranston's announcement that he will not stand for re-election in California in 1992. This would open up a much-coveted seat in addition to the seat left vacant by Republican Senator Pete Wilson who won the governorship of the Golden State on Tuesday. Mr Wilson has the power to appoint a replacement, who will then be forced to stand for re-election in 1992 and 1994.

In other races, Mr Bernie Sanders, the socialist former mayor of Burlington, Vermont, defeated Mr Peter Smith, a Republican, to become the first socialist in the House in more than 60 years. In Connecticut, Mr Gary Franks, an alderman, became the first black Republican to serve in the House since Mr Oscar de Priest of Illinois during the Depresssion. In Ohio, Mr Kenneth Blackwell, another black Republican and former Cincinnati mayor, narrowly lost.

The biggest Democratic upset occurred in Wisconsin, where Mr Bob Kastenmeier, a sub-committee chairman who has served for 32 years in Congress, was defeated by Mr Scott Klug, a 37-year-old newscaster.

Massachusetts voters turn against abrasive Democrat

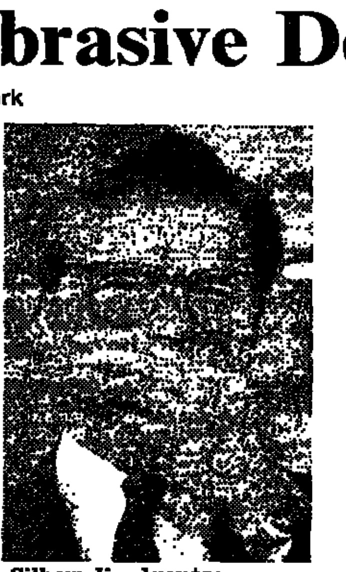
By Martin Dickson in New York

THE Republican party captured the governorship of Massachusetts for the first time in 20 years as Mr William Weld swept to victory on a tide of economic anger, combined *with voter aversion to the* extremely abrasive character of the Democratic contender, Mr John Silber.

With just over 90 cent of precincts reporting, Mr Weld, from an old New England family, had captured 52 per cent of votes, to 48 per cent for Mr Silber, the conservative president of Boston University.

However, the voters also rejected, by 60 per cent to 40 per cent, a controversial tax roll-back plan which was supported by Mr Weld and opposed by Mr Silber. The plan would have put state taxes back to their 1988 levels.

Massachusetts is an overwhelmingly Democratic state – the party easily controls both legislative houses – but it had been clear for months that voter fury over rising taxes and economic recession gave the Republicans their best chance of the governorship since Mr Francis Sergent won in 1970. Many voters felt betrayed by Mr Michael Dukakis, the outgoing governor, who stood for president in 1988 just as the local economy was starting to nose-dive.



Silber: disadvantages

Mr Silber, the Democrat contender, overcame some of these disadvantages, since he was a political outsider standing for office for the first time and could distance himself from *the party hierarchy. However,* his abrasive manner, reputation for a dictatorial style, and his controversial policy statements – known as Silber shockers – divided the electorate.

In the event, his character seems to have lost him the election. One exit poll found that those who backed Mr Weld because they liked him were marginally outnumbered by those who said they supported him to stop Mr Silber.

About one third of black voters – usually a mainstay of the Democrats – voted Republican, and Mr Weld also picked up strong support among women and independents.

Mr Weld, 45, is in the tradition of old-monied but liberal New England Republicans – so-called Boston Brahmins – such as Elliot Richardson.

Falling share of poll takes shine off Cuomo victory

By Martin Dickson in New York

MR Mario Cuomo, a potential Democratic contender for the US presidency in 1992, was easily re-elected to a third term as governor of New York state.

However, his share of the poll was well below expectations and his victory was soured by voters' rejection of an environmental fund-raising measure which he had strongly backed.

Analysts said the result showed rising dissatisfaction among voters over the state's severe economic and budgetary problems, which are expected to worsen next year. The scale of these difficulties, and a further deterioration in his electoral standing, might lessen the chances of Mr Cuomo running for the presidency.

Mr Cuomo, a popular governor with a commanding style of oratory, had faced an extremely weak rival, Mr Pierre Rinfret, an economic consultant and political novice. Mr Rinfret was a last-minute choice by the Republican party after 19 other potential candidates had turned down the seemingly impossible task of defeating Mr Cuomo. But Mr Rinfret and his party fought a bizarre campaign, spending much time fighting among themselves over the financial and political backing Mr Rinfret was receiving.

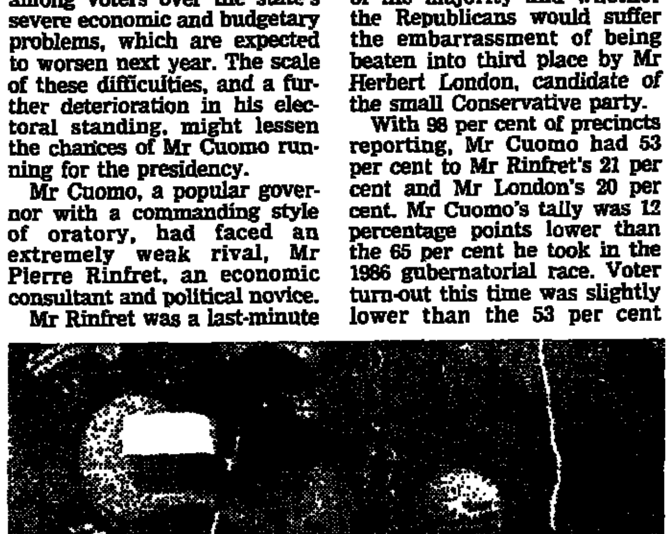
With a Cuomo victory certain, the main questions left for election night were the size of his majority and whether the Republicans would suffer the embarrassment of being beaten into third place by Mr Herbert London, candidate of the small Conservative party.

With 98 per cent of precincts reporting, Mr Cuomo had 53 per cent to Mr Rinfret's 21 per cent and Mr London's 20 per cent. Mr Cuomo's tally was 12 percentage points lower than the 65 per cent he took in the 1986 gubernatorial race. Voter turn-out this time was slightly lower than the 53 per cent recorded in 1986, itself the lowest for at least 50 years.

The electorate rejected by 51 per cent to 49 per cent an initiative which had been strongly backed by Mr Cuomo and which would have authorised the state to borrow nearly $2bn for various environmental projects.

The Democrats, who control the state House of Representatives, failed to capture control of the state Senate from the Republicans on the coat-tails of Mr Cuomo's victory.

The results show that Mr Cuomo and the New York Democrats have not been immune to the tide of voter dissatisfaction sweeping the recession-hit north-east as taxes rise and government budgets are slashed. Dissatisfaction may not yet be as great in New York as New England, but if Mr Cuomo decided to run for president, a much harsher and more sustained light would be turned on his record.



Democrat Ann Richards, who won the Texas governorship

US MID-TERM ELECTION RESULTS

KEY ★ REPUBLICAN ☆ DEMOCRAT ✪ INDEPENDENT

* NO GOVERNORSHIPS CONTESTED THIS YEAR

	SENATORS OLD	SENATORS NEW	HOUSE OLD ★	HOUSE OLD ☆	HOUSE NEW ★	HOUSE NEW ☆	GOVERNORS OLD	GOVERNORS NEW
Alabama	☆☆	☆☆	2	5	2	5	★ Guy Hunt	★ Guy Hunt
Alaska	★★	★★	1		1		☆ Steve Cowper	✪ Wally Hickel
Arizona	☆★	☆★	4	1	4	1	☆ Rose Mofford	N/A
Arkansas	☆☆	☆☆	2	2	1	3	☆ Bill Clinton	☆ Bill Clinton
California	☆★	☆★	18	27	19	26	★ George Deukmejian	★ Pete Wilson
Colorado	★☆	★☆	3	3	3	3	☆ Roy Romer	☆ Roy Romer
Connecticut	☆☆	☆☆	3	3	3	3	☆ William O'Neill	✪ William O'Neill
Delaware*	★☆	★☆		1		1	★ Michael Castle	★ Michael Castle
Florida	☆★	☆★	11	8	10	9	★ Robert Martinez	☆ Lawton Chiles
Georgia	☆☆	☆☆	1	9		9	☆ Joe Frank Harris	☆ Zell Miller
Hawaii	☆☆	☆☆	1	1		2	☆ John Waihee	☆ John Waihee
Idaho	★★	★★	1	1		2	☆ Cecil Andrus	☆ Cecil Andrus
Illinois	☆☆	☆☆	8	14	7	13	★ James Thompson	★ Jim Edgar
Indiana*	★★	★★	3	7	2	8	☆ Evan Bayh	☆ Evan Bayh
Iowa	★☆	★☆	4	2	4	2	★ Terry Branstad	★ Terry Branstad
Kansas	★★	★★	3	2	3	2	★ Mike Hayden	☆ Joan Finney
Kentucky	☆★	☆★	3	4	3	4	☆ Wallace Wilkinson	☆ Wallace Wilkinson
Louisiana*	☆☆	☆☆	4	4	4	4	☆ Buddy Roemer	☆ Buddy Roemer
Maine	★☆	★☆	1	1	1	1	★ John McKernan	★ John McKernan
Maryland	☆☆	☆☆	2	6	3	5	☆ Donald Schaefer	☆ Donald Schaefer
Massachusetts	☆☆	☆☆	1	10	1	10	☆ Michael Dukakis	★ William Weld
Michigan	☆☆	☆☆	7	11	7	11	☆ James Blanchard	★ John Engler
Minnesota	★★	★☆	3	5	2	6	☆ Rudy Perpich	☆ Rudy Perpich
Mississippi*	★★	★★		5		5	☆ Ray Mabus	☆ Ray Mabus
Missouri*	★★	★★	4	5	3	6	★ John Ashcroft	★ John Ashcroft
Montana*	☆★	☆★	1	1	1	1	★ Stan Stephens	★ Stan Stephens
Nebraska	☆☆	☆☆	2	1	2	1	★ Kay Orr	★ Kay Orr
Nevada	☆☆	☆☆	1	1	1	1	☆ Robert Miller	☆ Robert Miller
New Hampshire	★★	★★	2		1	1	★ Judd Gregg	★ Judd Gregg
New Jersey*	☆☆	☆☆	6	7	6	7	☆ James Florio	☆ James Florio
New Mexico	★☆	★☆	2	1	2	1	★ Garrey Carruthers	☆ Bruce King
New York	☆★	☆★	12	21	12	21	☆ Mario Cuomo	☆ Mario Cuomo
North Carolina*	★☆	★☆	3	8	4	7	★ James Martin	★ James Martin
North Dakota*	☆☆	☆☆		1		1	☆ George Sinner	☆ George Sinner
Ohio	☆☆	☆☆	10	11	10	11	☆ Richard Celeste	★ George Voinovich
Oklahoma	☆★	☆★	2	4	2	4	★ Henry Bellmon	☆ David Walters
Oregon	★★	★★	2	3	1	4	☆ Neil Goldschmidt	☆ Barbara Roberts
Pennsylvania	★★	★★	11	12	12	11	☆ Robert Casey	☆ Robert Casey
Rhode Island	☆★	☆★	2		1	1	★ Edward Di Prete	☆ Bruce Sundlun
South Carolina	★☆	★☆	2	4	2	4	★ Carroll Campbell	★ Carroll Campbell
South Dakota	★☆	★☆		1		1	★ George Mickelson	★ George Mickelson
Tennessee	☆☆	☆☆	3	6	3	6	☆ Ned McWherter	☆ Ned McWherter
Texas	☆★	☆★	8	19	8	19	★ Bill Clements	☆ Ann Richards
Utah*	★★	★★	2	1	1	2	★ Norman Bangerter	★ Norman Bangerter
Vermont	☆★	☆★	1		✪		☆ Madeline Kunin	★ Richard Snelling
Virginia*	★☆	★☆	5	5	4	6	☆ Douglas Wilder	☆ Douglas Wilder
Washington*	☆★	☆★	3	5	3	5	☆ Booth Gardener	☆ Booth Gardener
West Virginia*	☆☆	☆☆		4		4	☆ Gaston Caperton	☆ Gaston Caperton
Wisconsin	★☆	★☆	4	5	5	4	★ Tommy Thompson	★ Tommy Thompson
Wyoming	★★	★★	1		1		☆ Mike Sullivan	☆ Mike Sullivan

NOTE: Tuesday's vote elected one-third of the Senate, the whole House of Representatives and 36 governors

Big Green is a big flop as environment issues lose favour

By Lionel Barber

THE environmental movement suffered big setbacks as voters balked at spending money on new programmes with a recession looming.

In California, voters rejected by a two-to-one margin Proposition 128, the citizens' initiative known as "Big Green". Backed by Hollywood stars, it would have enforced sweeping new regulations on timber cutting, pesticides, off-shore oil-drilling and petrol emission standards.

Elsewhere, measures backed by environmentalists to regulate land use and pollution lost in Washington, Oregon, and Missouri. A $1.97bn bond issue to pay for new "green" projects failed in New York.

Despite reports of deep frustration and alienation in the electorate, voters expressed their anger selectively. The most striking expression of discontent was the support for limits on the length of time politicians can serve in office adopted in California, Colorado and Kansas.

The California provision is particularly severe. It means that state assemblymen will be able to serve only three terms (six years); while state senators will be limited to two terms (eight years).

Mr Lewis Uhler, co-sponsor of Proposition 140, predicted that the California vote would create a nationwide crusade – just like the tax cutting Proposition 13 paved the way for the national tax revolt which helped Mr Ronald Reagan become president in 1980.

However, critics said the measure would further undermine representative government in California, leaving the legislature in the hands of amateurs. Already, elected officials control only between six and eight per cent of the state budget; the rest is determined by propositions and voter referendums.

Tax rebels did not fare too well. Measures to introduce big tax cuts or limits on government spending lost in Massachusetts, Colorado, Nebraska and Utah. Many voters appear to have recognised that the price in terms of further deterioration of public services was too high.

Mr Paul Watanabe, a political scientist at the University of Massachusetts, noted that the tax repeal would have been the biggest in the state's history, but he said: "Voters wanted change but it went too far."

Big Green also appeared to have overreached itself. The ballot initiative ran to 39 pages, and its critics - helped by a $10m advertising campaign - argued successfully that it was too ambitious and too costly.

Another measure which caught attention was the gun-control provision passed in Florida. Voters amended the state constitution to require a three-day waiting period on handgun purchases.

In Alaska, voters, having experimented with legalisation, again made the private use of marijuana a crime.

No clear-cut leaders in presidential heats

By Peter Riddell, US Editor, in Washington

MID-TERM elections are traditionally a preliminary heat for the gruelling presidential contest two years later.

Contenders have to perform well within their local state base – whether as senator or governor – to demonstrate they are serious contenders for a nationwide contest.

Three potential Democrat runners qualified easily in Tuesday's voting – Senator Sam Nunn of Georgia, Senator Al Gore of Tennessee and Governor Mario Cuomo of New York. Senator Nunn, who has recently been shedding some of his southern conservative image, was unopposed, while Senator Gore, who ran unsuccessfully in 1988, won 70 per cent of the vote.

*Governor Cuomo won com*fortably, but his victory margin was inflated by opposition votes splitting between a conservative and a Republican.

The Rev Jesse Jackson, a candidate for the Democrat nomination in the last two presidential elections, has recently lost his political way. He did little to re-establish it by winning the meaningless post of "shadow" senator for the District of Columbia, part of the campaign to secure statehood for the capital.

A more significant development, and the surprise of the night, was the stumbling of another widely tipped candidate, Senator Bill Bradley from New Jersey. He has been unstoppable since his days as a Rhodes Scholar turned basketball star and appeared to have a rock-solid Senate seat.

His narrow victory, by a 52 to 48 per cent margin, was not because he is unpopular. It resulted from a backlash of voter anger over sharp tax increases introduced earlier this year by Democrat governor Jim Florio.

While Mr Bradley distanced himself from the governor's tax package – saying it was a state rather than a federal matter – he was the easiest Democrat target for voter resentment.

He faced bumper stickers saying: "Get Florio, Dump Bradley".

Senator Bradley will now have to do some rapid rethinking if he is to be a serious contender in 1992.

No new candidate emerged as a possible runner in 1992. *However, the narrow failure of* maverick Democrat John Silber to become governor of Massachusetts removes a possible contender.

Democrat candidates have until recently believed that President George Bush was certain of re-election.

Although the budget crisis has made that less certain, they will want to see what happens in the Gulf crisis and to the US economy before deciding whether to run.

Humiliating defeat for disgraced black mayor

By Nancy Dunne in Washington

IT all ended on Tuesday night for Mr Marion Barry, the one-time "mayor-for-life" of the US capital. His final attempt to hang on to power as a Washington DC city councilman resulted in humiliating defeat.

Running for one of two council seats available to him in a city-wide election, he captured only 17 per cent of the vote.

Nowhere else in the country did US voters move so convincingly to "throw the rascals out." Most of the city council incumbents had already lost in the primaries; in another upset a longtime member of the board of education also lost.

Facing a six-month jail term for cocaine possession, the mayor, who sought to excuse himself on grounds of alcoholism, will have to forego what may be his primary addictions: power, high living and the trappings of office.

He carried only one of the city's eight wards, the one with the highest percentage of poor and black voters. It was the underclass the mayor promised but failed to help and who, in the end, seemed most willing to forgive his lapses.

In his place, the voters chose by an overwhelming 86 per cent Mrs Sharon Pratt Dixon, a forceful former executive of the local electric power company, whose promise to "clean house" in the city's notoriously feckless government won the backing of white voters and the large middle class black population.

Mrs Dixon achieved victory over one of Mr Barry's former police chiefs, Mr Maurice Turner, a black registered Republican. She will now have the unenviable job of struggling with what may be a $100m (£52m) budget deficit.

Losses mar Democrat delight in sun-belt

By Peter Riddell

THE 36 state governorships up for election on Tuesday were the big prizes and the outcome was mixed for both parties.

The Democrats were clearly delighted with capturing two of the three big sun-belt states – Florida and Texas – as well as Oklahoma, Kansas, Rhode Island and Nebraska. But they suffered losses in the north-east and mid-west, notably in Massachusetts, Vermont, Connecticut (all cases where incumbent Democrats had retired), Ohio, Michigan and Minnesota.

Overall, with Arizona still undecided and a run-off expected, the Democrats now hold 28 governorships, including nine not up on Tuesday, compared with 29 now. The Republicans lost two, down from 21 to 19. This net balance reflects six Democratic gains, five Republican ones and two gains by independents, former governor Wally Hickel in Alaska, and ex-US Senator Lowell Weicker in Connecticut.

These contests mattered more than usual because of the *approach of reapportionment*, the change in congressional district boundaries following the 10 yearly census. Population changes will means that California gains seven seats in the *House of Representatives*, Florida four and Texas three. Unlike Britain redistricting is a very political process in the US, as was shown 10 years ago when the Democrats secured a disproportionate representation in the California delegation.

The Democratic victories in the Texas and Florida elections ensure that they will have full control over the process in these states. Only in California is a prolonged period of bargaining threatened between new Republican governor Pete *Wilson and the Democratic* controlled state legislature.

The overall result puts back Republican hopes of reversing the 36 year long Democratic domination of the House.

The mixed bag of results reflects a combination of influences, of which the most significant was the record of the incumbent adminstration of whatever party. Governors blamed for the economic problems of their state or for having raised taxes were held responsible and lost.

The most notable Republican victor is Senator Pete Wilson *in California. His win means* that someone will be appointed to his Senate seat, which will come up for re-election in 1992, when the seat of Senator Alan Cranston, the other *Californian is also due to come* up.

First socialist elected to Congress in 60 years

SOCIALISM may be collapsing the world over, but in Vermont state it is alive and well, agencies report from Burlington.

The winner of the state's lone seat in the House of Representatives on Tuesday was neither a Democrat nor a Republican but Mr Bernard Sanders, a socialist who for nearly two decades had been given little chance of capturing a state-wide office.

Mr Sanders says his ousting of a Republican may be the start of a revolution.

"One small state might go down in history as the leader *in the fight for a political revo*lution. . . which takes power away from the multinational corporations and the wealthy and gives it back to the people where it belongs," Mr Sanders told jubilant supporters.

The former mayor of Burlington, who ran as an independent, becomes the first socialist in Congress for more than 60 years.

The campaign of incumbent Mr Peter Smith went into a nosedive after he was the first rank-and-file member of Congress to support publicly the original federal budget reduction proposal.

"My opponent has been able *to ride a rising tide* of frustration in government," he said.

Illinois voters split their tickets

By *Barbara Durr* *in Chicago*

REPUBLICAN Mr Jim Edgar narrowly won the Illinois governorship, defeating Democrat Mr Neil Hartigan. But while Republicans held onto the statehouse – Mr Edgar succeeds Mr James Thompson who is retiring after 14 years – Democratic Senator Paul Simon coasted to an easy re-election over Republican Mrs Lynn Martin.

Anti-tax sentiment ran high elsewhere in the country, but in Illinois the losers, Mr Hartigan and Mrs Martin, were the *candidates who had made* pledges against higher taxes.

Although on opposite sides of the political fence, Mr Edgar and Mr Simon both said they won over voters on trust and that taxes well spent on needed social programmes, especially education, were acceptable to the public.

Both Mr Edgar and Mr Simon possess a solidity that *seems to have appealed to vot*ers fed up with electioneering razzamatazz. Both emphasised education, which has been a top issue in the state. For a Republican, Mr Edgar won an *unusually* high percentage of votes in Chicago, considered a Democratic party stronghold.

Across the state, he took an extraordinary slice of the black vote, which has traditionally been *loyal to the Democrats.*

While voters statewide split their tickets between the two parties, the defection of so many traditionally Democratic party voters is expected to *cause* some soul-searching in the party.

Mr Simon, who had been a sure bet, trounced Mrs Martin with a two-to-one margin, but said that he would vote to confirm his opponent if she were nominated by President George Bush for a cabinet post, as has been widely rumoured.

In contests in Cook County, the populous area surrounding the city of Chicago, the recently formed black-led Harold Washington Party failed to make its promised inroads against the Democratic party *machine.*

The Democratic candidate the Washington party had most targeted, Mr Cecil Partee who was standing for Cook County attorney general, lost to Republican Jack O'Malley by an overwhelming margin.

AMERICAN NEWS

Head of US war on drugs resigns, saying job is done

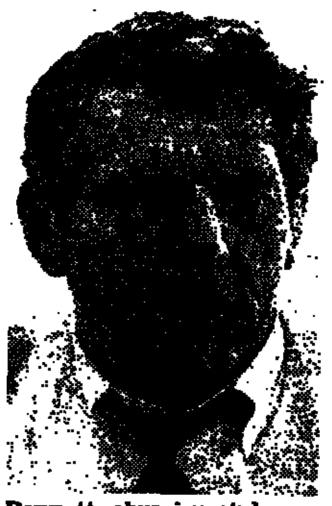
By Lionel Barber in Washington

MR William Bennett, the abrasive conservative chosen to head the Bush administration's self-styled war on drugs, has resigned, the White House announced yesterday.

Mr Bennett's departure comes at a critical point in the campaign to reduce drug addiction and casual drug use among Americans, but he has told associates that he believes his job is done.

Education secretary in the Reagan administration, Mr Bennett was responsible for drawing up what the administration described as the first comprehensive federal drug strategy.

The plan, first put forward in September 1989, involved increased spending, heavier penalties for casual users, and incentives to drug producer countries in Latin America to clamp down on narcotics production. It was largely a strategy of containment, with heavy emphasis on law and order.



Bennett: abrasive style

His claim that the tide has turned in the drug war is controversial. Middle-class use appears to be declining; but homicides and drug-related violence in the inner cities, particularly among blacks and minorities, remains intolerably high, local elected leaders say.

Moreover, treatment for the more than 6m addicts in the US still ranks below traditional law enforcement and interdiction efforts.

Mr Bennett, whose ego never quite recovered from Mr Bush's decision not to make him a full member of the cabinet, often confessed that he was frustrated by battles within the bureaucracy. He soon fell foul of Mr Richard Thornburgh, US attorney general, who resisted his attempts to carry out his designated job of "drug co-ordinator" of the more than 30 federal agencies involved in combating drugs.

The White House has reportedly failed to find a successor to Mr Bennett.

Venezuelan officials resign over bank loans

By Joseph Mann in Caracas

TWO officials responsible for regulating sections of Venezuela's financial system have left their jobs after admitting they received bank loans at interest rates far below prevailing commercial rates.

The departure of the two Finance Ministry officials, plus the abrupt resignation of another official reported yesterday, comes at a critical moment during a bitter fight to control one of Venezuela's largest commercial banks and may have been leaked to damage one of the parties involved.

Mr Juan Ramirez Giraud, formerly superintendent of insurance and a long-time finance ministry official, was forced to resign after a Caracas newspaper revealed on October 30 that he received a $180,000 loan from a Venezuelan commercial bank this year at a 12 per cent annual interest rate, when commercial rates were over 30 per cent.

Mr Francisco Javier Hernandez, superintendent of savings and loan associations, has also handed his resignation to the minister of finance, saying he had accepted a similar credit from a financial institution.

Although controversial, the practice of providing or receiving loans to politicians or officials under highly preferential terms is not illegal under Venezuelan law.

A Caracas daily newspaper, El Universal, reported yesterday that the head of the National Securities Commission, which oversees transactions of stocks and bonds, also resigned. The report could not immediately be confirmed.

The former superintendent of insurance obtained his credit from Banco Progreso, a commercial bank that is part of Venezuela's Latinoamericana financial group. The group, controlled by Mr Orlando Castro, a Cuban immigrant, has been trying to gain a seat on the board of Banco Venezuela, one of the country's largest commercial banks. By linking Mr Castro's bank to the loan scandal, someone may be trying to damage his takeover effort.

Quebec will keep links

QUEBEC'S Liberal Premier Robert Bourassa and Parti Québecois opposition leader Mr Jacques Parizeau have told a National Assembly commission that Quebec will retain basic economic links with the rest of Canada no matter what political relationship might be negotiated in future, Robert Gibbens writes from Montreal.

The Belanger-Campeau Commission has begun public hearings to clarify what constitutional status Quebec people want. They may push for "sovereignty" or something less radical.

Fujimori moves to end monopolies in Peru

By Sally Bowen in Lima

PRESIDENT Alberto Fujimori of Peru took his policy of opening up the economy a stage further with the publication this week of a decree aimed at eliminating all public and private monopolies.

Big state enterprises, such as the monopolistic reinsurance company Reaseguradora Peruana and Sider-Peru, the state steel company, will lose their dominant positions.

In cases where free competition is restricted by current market or macro-economic conditions, the decree provides that the state may grant tariff-free access for goods, services and capital. Until freedom of competition is achieved, the state may also fix prices in certain markets.

The temporary 10 per cent surcharge on the two higher import tariffs (the 25 and 50 per cent brackets), in force since September 22, was also officially eliminated in Tuesday's decree.

Hollywood studios are damaged by blaze

A FIRE raged through Universal Studios yesterday, destroying about one-third of the world's biggest movie-making complex and wiping out the sets of the films Dick Tracy and Back to the Future, Reuter reports from Los Angeles.

The fire, which took 400 firefighters five hours to put out, also destroyed the set featured in the Academy Award winning movie The Sting.

At least six acres of the 20-acre studio were destroyed by the blaze, fanned by 35 mph winds.

Studio officials estimated the blaze, which could be seen for miles around, caused tens of millions of dollars worth of damage.

There were no reports of injuries. The cause of the fire was not immediately known.

The officials said the buildings destroyed by the fire were all made of wood and "went up like matches".

A large area of "Universal City" was evacuated. Patrons of cinemas and restaurants within the city, as well as residents and studio workers, were herded to safety by police and firefighters.

MAIN POINTS

Light workload may herald poll

THE Queen's Speech identifies three main themes in a light legislative programme for what could be the final session of this parliament. These are a comprehensive shake-up of the transport system, a crackdown on crime, and a strengthening of parental responsibility.

Reforms in road traffic law

Transport: A Road Traffic Bill will reform road traffic law by introducing much tougher measures for bad driving and implementing new traffic management and parking measures for London. A Trust Ports Bill will convert the ports presently run as trusts into private companies. The Severn Bridges Bill will enable a private consortium to design, build, finance and operate a second road crossing of the Severn estuary.

Tough law for drug traffickers

Criminal justice: A bill designed to make the punishment fit the crime will empower crown courts to impose longer sentences on a persistent violent or sexual offender than might be justified by the scale of the immediate offence. The government also plans to toughen up action to deal with drug traffickers and introduce tight controls on legitimate drugs capable of misuse.

New code on teachers' pay

Teachers' pay: Local authorities are to be given a new right to opt out of national pay bargaining and to set their own salary scales, thus enabling them to compete for teachers in areas of shortage.

Planning to be more effective

Planning: There will be better provision for those whose properties are being bought under compulsory purchase orders, and the town and country planning system will be made more effective.

More aid for urban poor

Inner cities: More help is promised for inner cities to give a *boost to the programme launched in 1987. Some £3bn has* been spent so far on projects but the programme has been badly hit by the property slump and high interest charges.

Agency for errant fathers

Parental responsibility: A bill will propose the setting up of an agency to track down errant fathers to compel them to pay maintenance to support their abandoned children. Provisions will include deducting cash from their wages.

THE QUEEN'S SPEECH AND COMMONS DEBATE

Thatcher launches defence of policies and leadership

By Ivor Owen, Parliamentary Correspondent

IN A CLEAR-CUT challenge to her critics on both sides of the House of Commons, Mrs Margaret Thatcher yesterday underlined her readiness to fight to hold on to her office as prime minister, to preserve sterling and to authorise the use of force to expel the Iraqi aggressors from Kuwait.

The prime minister – speaking after the annual Queen's Speech to the joint Houses of Parliament, which outlines the government's legislative programme for the next political session – told the Commons that time was "running out" for President Saddam Hussein of Iraq.

The prime minister issued a defiant message to her opponents led by Labour leader Neil Kinnock

To cheers from her supporters, the prime minister insisted: "The implacable message from this House must be – either he gets out of Kuwait soon, or we and our allies will remove him by force, and he will go down to defeat with all its consequences."

In grim tones which emphasised the increasing importance she attaches to the time factor, Mrs Thatcher said: "He has been warned."

She delivered what some MPs seemed to regard as a virtual ultimatum to President Saddam Hussein in responding to a sustained attack by Mr Neil Kinnock, the Labour opposition leader.

Mr Kinnock focused his criticism on divisions in the government's ranks caused by Mrs Thatcher's stand at the recent European Community summit meeting in Rome, where she risked isolating Britain from her EC partners by her reluctance to set a date for the next stage of European monetary and political union.

Tory backbenchers tried to disrupt Mr Kinnock's speech when he quoted the resignation letter of Sir Geoffrey Howe, the former deputy prime minister, to illustrate why he considered Mrs Thatcher "unfit" to represent Britain in the councils of the EC.

Mr Kinnock suggested the prime minister was incapable of making the European alliances Britain needed and enabling the country to retain a position of influence in the community.

Defending the stand she took in Rome, the prime minister insisted that Britain would not secure the type of European Community it wanted by a policy of always "going along" with what others proposed simply for fear of being left out.

When she forecast that solutions would be found which would enable all members of the Community to go forward together, a Labour backbencher suggested that this implied she intended to resign.

Amid cheers and laughter from her supporters, the prime minister retorted: "I *do not* think you should ever hope for that."

Mr Paddy Ashdown, leader of the opposition Liberal Democrats, demanded Mrs Thatcher's resignation and said her government had run out of ideas.

"Britain needs a Government with a clear vision about our country's future, and the will to take the tough decisions which will be necessary," he said. "The best thing she can now do is resign. I know she will not do it, but I believe her party will suffer and Britain will suffer, if she does not."

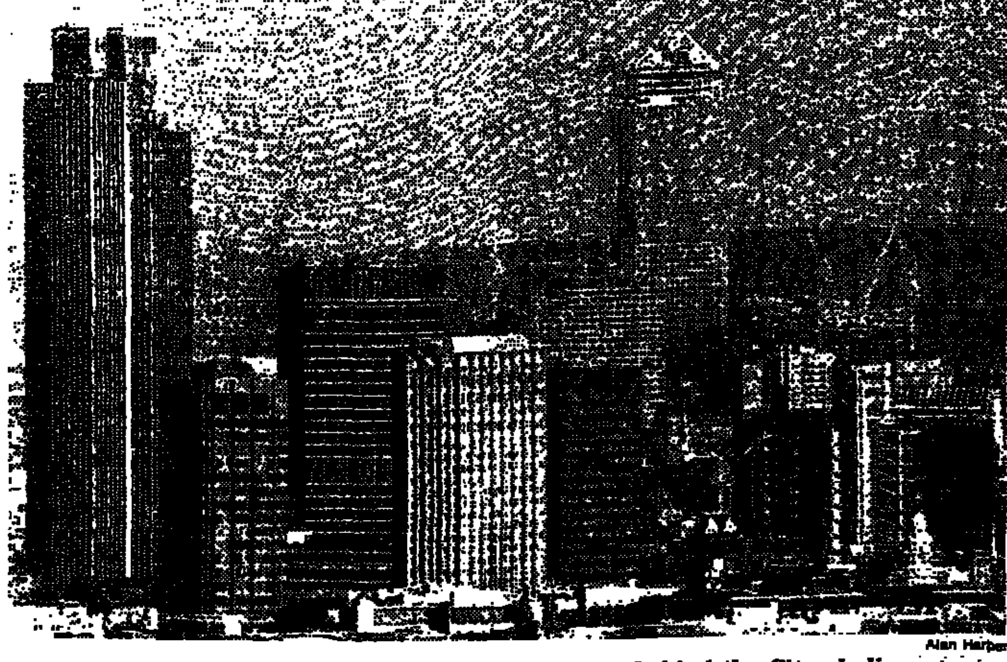
Mr Ashdown also criticised her attitude towards the EC, which he said threatened to leave Britain in the slow lane of a two speed Europe.

"Mrs Thatcher does not do this country any good by giving the impression that she wants to row us out into mid Atlantic," he added.

Leader, Page 14;
Gulf news, Page 4

CANARY WHARF DEVELOPMENT

Europe's tallest building climbs above city skyline



Alan Harper

High stakes: the Canary Wharf tower (right) emerges behind the City skyline

THE LONDON skyline is changing. Canary Wharf, the largest office building in Europe has reached its completion height in a controversial new development to the east of the city's financial quarter.

The 800 ft tower, the project's centrepiece, will today be topped out and Olympia & York (O&Y), the development company owned by the Canadian Reichmann brothers, claims it will be the most technologically advanced in London.

It is an unpopular prospect, according to an employee of American Express, which is due to move to the site on the river Thames in the Spring of 1992.

"We are very unhappy about it," the Amex employee says. "It will be terribly difficult to get to. A lot of people are planning to leave before the move."

Views are, however, mixed. Ms Victoria Jones of D C Gardner, a training company based across the water from the 50-storey tower, says: "It is like entering a whole new world . . .Most people who visit us down here are incredibly impressed."

The Docklands project is nothing less than a new, ultra-modern city – with enough potential space to accommodate two thirds of the workers in the City of London – growing up two and a half miles east of the Bank of England.

Canary Wharf will have more than 10m sq ft by the mid 1990s, equivalent to a fifth of the space in the City.

The developers can argue that there is strong underlying demand for modern office space. Three quarters of offices in London are too old to deal adequately with computer systems and, furthermore, many corporations want to bring their operations under one roof.

Tenants also have high expectations of the quality of Canary Wharf – based on O&Y's other developments such as the World Financial Centre, its huge development off Wall Street. This perception reflected in North American bias of O&Y's clients, which include Morgan Stanley, Credit Suisse First Boston (both of them partners in the project), American Express and Texaco.

But the grandeur of the project has been matched by its problems. So far, Canary Wharf has filled just over half the 4.2m sq ft of space in its first phase – and it has not shrugged off the image of a poorly-served, artificial environment in the middle of nowhere.

Uncertainty over the projects future has been compounded by the economic recession, the flagging fortunes of the financial services industry and the growing surplus of office space in Central London.

Vanessa Houlder

POLITICAL BACKGROUND

Brief cheer lifts the gloom and speculation

By Philip Stephens

THERE was some small consolation for the gloomy Conservative MPs who returned to a mood of political crisis at Westminster for yesterday's state opening of parliament.

It was the mounting speculation surrounding Mrs Margaret Thatcher's leadership after Sir Geoffrey Howe's resignation which filled the air in the tearooms and bars of Westminster.

But those Tory MPs who broke off for a minute or so from the gossip about leadership contenders to glance at the proposed legislation set out in the Queen's Speech, the outline of proposed legislation for the next parliament, found cause at least for one cheer.

After the frenetic radicalism of the first three sessions of the present parliament, the 15 bills unveiled yesterday add up to a distinctly light programme. They promise MPs a return to the occasional early night and to the decent holiday recesses which the Thatcher revolution threatened to extinguish.

The programme is not without substance or potential controversy. The five legislative measures proposed for transport - covering everything from the privatisation of the Trust Ports and a second Severn crossing to new drink-driving laws reflect an acknowledgement of deep public dissatisfaction with the country's infrastructure.

The criminal justice bill proposed by Mr David Waddington, though cloaked in the fierce language of the Tory law and order brigade, represents a major attempt to empty Britain's prisons of minor and first offenders.

Mr Neil Kinnock indicated yesterday that Labour would offer support to measures to ensure that absent fathers contribute towards the upkeep of their children. Similarly plans to improve compensation for those affected by road developments should win wide support.

Against that Mrs Thatcher's decision to reintroduce a bill to allow prosecution in Britain of those guilty of Nazi war crimes will ensure political controversy. The measure was thrown out by the House of Lords during the last session of parliament and its reinstatement threatens a constitutional confrontation.

The planned contracting out of the Atomics Weapons Establishment and the sale of the insurance services division of the Export Credits Guarantee Department (ECGD) will bring charges from the opposition that the Government's privatisation plans are now being driven by ideology rather than good sense.

That said, there is nothing in the programme to compare with the legislation which has generated such political heat since the 1987 election.

The government has put behind it the poll tax, the privatisation of the water and electricity industries, the NHS reforms, radical changes in the legal profession and legislation to give passports to key figures in Hong Kong. To the relief of its supporters it does not want to court further controversy in the run up to the election due by mid 1992.

Of course the contents of the speech were framed in better times: when some ministers were still optimistic enough to believe that the Government's fortunes might recover fast enough to allow an election in June 1991.

Even the pessimistic among the small group of Cabinet ministers who began framing the programme earlier this year were convinced that if Mrs Thatcher could not opt for June, then the election would certainly be in October.

The events of the past few months and weeks have changed all that. The stubbornly high inflation rate, the prospect of high interest rates for some to come, the unpopularity of the poll tax and the latest turmoil in the cabinet have convinced the most sanguine among ministers that October of next year is the earliest likely election date. A straw poll taken over the past few days suggests a majority favour - or are resigned to - soldiering on to 1992.

As Mr Alan Beith the Liberal Democrat spokesman on the economy put it rather sharply Mrs Thatcher "has cleared the desks for an election she now dares not have".

If he proves correct – and more than a handful of Tory MPs privately agree with him – then the programme unveiled yesterday will be added too gradually over the next few months to make sure that MPs are kept busy.

Mrs Thatcher told a Labour MP yesterday that he could hope for legislation to improve compensation procedures affected by mining subsidence. The Home office, anxious to improve the legislation governing charities, is only one of a dozen Whitehall departments with additional bills being held in reserve.

The real political controversy in the run up to the election, however, will not be found in the committee rooms of Westminster where MPs pore over the detail of each new bill.

Much of it will come instead from the debate emanating from one throw-away sentence in yesterday's speech: The Government, the Queen told the assembled MPs and peers, "will contribute constructively to the intergovernmental conferences on Economic and Monetary Union and Community institutions beginning in December".

"I hope so," said a senior Conservative MP.

Ashley Ashwood

View from the top: Eric McGovern, the manager, who says 'the pressure is on'

Builder relishes chance to finish London's tall order

MR ERIC McGovern, the 32-year-old construction manager on the Canary Wharf tower, recalls how he touched the face of the Statue of Liberty when he was in charge of its recent restoration.

"I thought it would be something nobody else would get to do until they refurbish it again," he says.

Such fanciful notions seem out of place for a hard-bitten builder of skyscrapers. It has been his job to bully, cajole and occasionally sweet-talk the large number of separate contractors working on the Canary Wharf tower and to ensure everything is completed to plan, on time and to budget.

Previous large buildings Mr McGovern has worked on include a 46-storey tower and a 40-storey office block in Manhattan.

He says: "The meter is ticking and the pressure is on from the moment you start to build. Every little delay means the client has to pay that bit more in interest on the money he has borrowed – until the first tenant can move in and the building starts to produce income.

"There are very few occasions in that kind of situation when a sub-contractor can say 'I'm sorry I'm late' without getting replaced. And, yes, we've had to replace some people on the Canary Wharf tower."

He is employed by Lehrer McGovern International, the US construction management company owned by Bovis, the British construction group. Lehrer McGovern took over management of the tower's construction in April this year when only 17 out of the 50 steel-frame floors had been erected in 13 months.

Only about a dozen floors had been concreted and the building's stainless-steel cladding had reached the fourth floor.

Since then, the remaining 33 floors have been erected; all the floors have been concreted and cladding has reached the 46th storey. The tower, which originally was planned to have been completed in January next year, will now be finished in April.

"It has been a learning curve for many of the British subcontractors. No other skyscraper has been built in this country apart from the NatWest Tower and that was completed 11 years ago," says Mr Fritz Rehkopf, Canary Wharf project director and head of Lehrer McGovern.

One problem, apart from the technical difficulties of building so high, has been to organise the movement of men and materials so that they all arrive at the right floor at the right time without delays.

"If you are working on a 15-storey building and forget something it is relatively easy to contact the hoist-operator and get it sent up or yourself down. It is not so easy when you are working on the 43rd floor of the tower and you are going to disrupt the movement of men and materials to other floors by using hoists," says Mr McGovern.

At its peak, about 1,000 workers were employed on the tower. More than 17,000 pieces of structural steel, weighing a total of 27,000 tonnes, have been erected, as well as 9,400 stainless-steel panels.

Fifty separate sub-contractors, who have had to be carefully organised and monitored, have worked on the building. Mr McGovern says that before the tower is completed he will climb to the top of the stainless-steel pyramid, where some of the services are to be situated. "When the building is enclosed nobody else will be able to get that high. So I will have had a view few others will see again."

Andrew Taylor

EXPORT CREDIT

Export credit insurance service to be privatised

By Peter Montagnon and Anthony McDermott

THE announcement that legislation is to be introduced to provide for the sale and privatisation of the short-term insurance services business side of the Export Credits Guarantee Department (ECGD) confirms the government's intention to go ahead with a divestment. This was first announced at the end of last year by Mr Nicholas Ridley, then secretary of state for trade and industry.

The government is keen to privatise this part of its export credit activities in order to be able to compete freely for short-term commercial risk business in the 1992 European single market. The complex nature of the business will mean that this particular privatisation will take place as a trade sale, rather than a stock market flotation.

At present, the ECGD's charter demands that it should provide support only for British exports. The act of privatisation will remove this constraint, and should, thereby, allow it to capitalise on its recent heavy investment in information technology. In addition, it will also help it to defend its home market against incursions from other European credit insurers, such as NCM of Holland and Hermes of Germany, as the European market is opened up.

Samuel Montagu, the merchant bank which was appointed to advise the government on privatisation in February, has already received expressions of interest from a wide range of institutions in insurance and banking.

By the end of the year this bank is expected to draw up a short-list of possible purchasers. These will then be formally invited to submit their tenders.

In drawing up the list consideration will be given to the need to receive value for money. This will apply especially after the controversy which surrounded the Rover Group sale to British Aerospace.

Consideration will also be given to the requirements of exporters. Some of these may be reluctant to see the business of British export credit insurance pass into the hands of a foreign owner.

There are, in addition, the serious considerations of competition policy at the levels of both Europe as a whole and Britain. Sedgwick James, the insurance brokers, recently conducted a questionnaire of exporters.

This revealed opposition among exporters to the idea of the ECGD being acquired by Trade Indemnity, which already dominates the domestic credit insurance market.

Furthermore, the possible involvement of large consortia in the bidding raises the question of the sale coming under the jurisdiction of the European Commission through its new merger control legislation.

On the assumption that the legislation now passes through parliament, the expectation is that the short-term insurance business will be reconstituted as a public company by April with privatisation following shortly thereafter.

NORTHERN IRELAND

Anti-terrorist laws revised as the death toll rises

By Ralph Atkins

THE REPLACEMENT of Northern Ireland's anti-terrorism laws has been been forced by circumstance but has been used by the government as an opportunity to review the range of measures available to security forces.

The Northern Ireland (Emergency Provisions) bill, announced in the Queen's speech and published today, will replace similar acts dating from 1978 and 1987. These were given a fixed life by Parliament and expire in May 1992.

With terrorism still widespread in Northern Ireland, the government believes many of the additional powers given to courts and the security forces to combat terrorism remain essential. So far this year 64 have died from terrorism in the province compared with a total of 62 last year.

The Northern Ireland Office said the new bill would, for the most part, re-enact the 1978 and 1987 acts. Significant changes may be introduced, however, on powers of detention without trial and on racketeering by IRA and loyalist paramilitaries.

The 1978 and 1987 acts established the so-called "Diplock Courts", intended to overcome widespread jury intimidation by allowing terrorist offences to be tried by a judge sitting alone.

The acts also allowed the government to proscribe terrorist organisations and gave the police and armed forces powers of entry, search and seizure not available in England and Wales.

A review of the two acts by Lord Colville, commissioned by the government and published in July, made a number of recommendations for changing existing provisions, some of which are expected to be incorporated into the new bill.

Lord Colville said powers of "internment", or detention without trial, should be removed. They had not been used in the province since 1975 and had been widely condemned in other countries.

Other recommendations included tougher action against racketeering by paramilitaries – which could see more offences being tried in "Diplock" courts. The IRA has been estimated to be running an operation costing £5m a year with its finance raised largely through protection rackets, smuggling, tax frauds, state benefit fraud and other crime.

Lord Colville also proposed the introduction a new offence, comparable to "going equipped for theft", which would cover the use of household or everyday items for terrorism.

The Queen's speech reiterated the government's determination to find ways of making Northern Ireland's elected representatives more involved in governing the province.

Mr Peter Brooke, the Northern Ireland secretary, has come close to agreement on a basis for talks about future government systems. The Northern Ireland Office said that if final obstacles could not be overcome, the government would consider alternative ways of transfering power to locally-elected politicians.

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

A Reader's Guide

Word News

Highlights of each day's events in the world

The world news column, appearing in this position each day, highlights many general news stories carried within the newspaper as well as other news items which are of general interest.

Cross references

At the end of most items you will find a page reference to the story within the paper as well as to related articles.

Two sections

The first section of the FT carries general international and UK news, an arts page, and the leader and opinion pages, containing editorial comments, letters to the editor and the day's main feature articles. The Financial Times has at least two sections each day. It often has a third or fourth section for special surveys.

Market movements

From Monday to Friday the second section is titled Companies and Markets. Its front page carries the most important corporate stories of the day, except those which are of sufficient significance and general interest to go on the front page of the first section.

Company news

The second section carries international and UK company news, news from the international capital and commodity markets, and prices and reports from the world's equity, bond, currency and commodity markets.

Special surveys

The Financial Times often has a third or fourth section for special surveys about nations, industries or sectors of the business community.

Regular analysis

Weekly features of the Financial Times include: Samuel Brittan's Economic Viewpoint on Thursday, a Business column on Monday, an Economics Notebook on Monday, international bond, finance and credit market columns on Monday.

Weekly columns

A legal column and the Justinian law column appear on Monday, and columns on accountancy, property and jobs on Friday.

Weekends in the FT

The paper is structured differently at the weekend. News, analysis and statistics on companies and financial markets appear in the first section. The second section of the Saturday paper, called Weekend FT, is an attractive mix of articles intended to entertain and inform about a broad range of subjects.

Rugby to camellias

The front of the Weekend FT section carries a long feature intended to be a "good read". There are regular columns on the week's developments in stock markets and articles particularly aimed at private investors.

Food to fashion

The Weekend FT also carries features on food, wine, gardening, property, travel, motoring, books, the arts, and sport. With all that, you don't need a Sunday newspaper!

Arts guide

The international edition carries a guide to events in the theatre, opera, ballet, music and arts in major cities around the world. It appears each day from Monday to Friday on the arts page. The page also carries reviews of arts events taking place around the world.

Sign-posts

We try to make sure that the reader has adequate sign-posts in, for example, these summary columns, the contents panel at the bottom of the page, and in the left hand panel on the Companies & Markets section's front page.

Business Summary

Snapshot of business, economic developments

The day's most important business and economic news stories, as well as major movements in the world's financial markets, are summarised in this column each day unless they are covered by full stories elsewhere on the page.

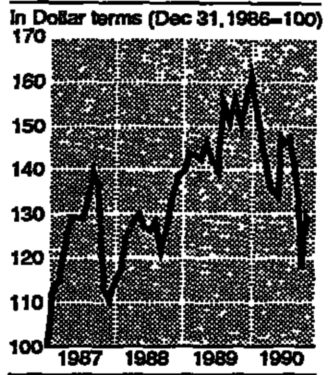
Each item normally carries a cross-reference to the full story, and to related articles.

INFORMATION: With the stories on this page, the two columns and the panels at the bottom of the page, we aim to provide an at-a-glance guide to the developments which international business people must know about if they want to be properly informed.

INDICES: The Financial Times publishes daily indices measuring stock market performance. The FT-Actuaries World Index, compiled in conjunction with County NatWest/Wood Mackenzie and Goldman Sachs, represents at least 70 per cent of the total market capitalisation of the world's main stock exchanges.

FT-A World Index

In Dollar terms (Dec 31, 1986=100)



CATEGORIES: The index also has 11 regional indices across seven broad economic sectors made up from 36 composite industry indices, derived from over 100 sub-industry categories. It is, increasingly, the global index for performance measurement, establishing a reputation as a benchmark as the FT's indices covering the British market have been for many years.

READERSHIP: Among the FT's readers are many of Europe's leading business people. Readership surveys show that on an average day, the FT is read by 20 per cent of senior business people in Europe, while the International Herald Tribune and Wall Street Journal/Europe are each read by 4 per cent. The FT has a 21 per cent coverage of senior executives in the 12 European Community countries, and a 10 per cent penetration of those in continental Europe.

NATIONALS: Nearly 90 per cent of the FT's readers in continental Europe are nationals of the country in which they work, rather than expatriate Britons.

ADVERTISEMENTS: Readership surveys have shown that a series of eight advertisements placed in the FT will reach 53 per cent of chief executives of leading companies in continental Europe. This compares with 32 per cent for the Wall Street Journal/Europe and 29 per cent for the International Herald Tribune.

FINANCIAL MANAGERS: A similar campaign in the FT reaches 56 per cent of heads of international finance in leading companies of continental Europe. This compares with 45 per cent for the Economist.

AMONG senior European businessmen who read the FT, 29 per cent are chief executives, chairmen, presidents or managing directors, and 72 per cent are board directors.

ANNUAL INCOME of 46 per cent of them exceeds £40,000 ($78,800) or the local equivalent. Service industries employ 39 per cent of them and non-service industries 66 per cent. Two-thirds take international air journeys three or more times a year.

Analytical eye on world affairs

THIS GUIDE to the Financial Times is designed as an introduction for new readers and for people who see the newspaper only occasionally.

The articles on this page and the following three pages will help you to get acquainted with the reports, features, comments and statistics which can be found in each day's FT.

The guide seeks to illustrate the depth and breadth of the newspaper's coverage to those who might think either that it is a British rather than an international publication, or that it is almost entirely devoted to financial markets.

Based in London, the FT has a large foreign news staff. It also has an international edition, specially fashioned for readers outside Britain. The edition is printed in Germany, France, the United States and Japan.

This guide is directed at readers of the international edition.

The FT has a strong interest in business, economics and finance. It is primarily aimed at people with an interest in business. But it reports, analyses and comments on a wide range of topics, including politics, social issues, and the arts, as well as finance, industry and economics.

Despite its specialist approach, the FT has wide appeal to people seeking authoritative, well-written reporting and analysis of world affairs. The FT's specialist writers know how the industries they are covering are changing abroad.

The FT is dedicated to high quality. We aim to be first with the news, to provide the sharpest analysis, and to present both in a form that is readable and attractive.

We want to entertain as well as to inform. The daily arts page, the Weekend edition and many other features cater for a range of interests going far beyond the professional concerns of the businessman and investor.

Editors' conference: Richard Lambert, deputy editor, left, will become FT editor when Sir Geoffrey Owen leaves at the end of 19 90

When the newspaper was founded a century ago, it was very much for investors and traders. Even in the late 1940s, financial affairs centred in the City of London were still the dominant theme. Since then, the FT's vision has been broadened in several ways.

We have built up our network of staff foreign correspondents, which covers virtually all industrialised countries and some developing nations.

Though there is an important business and economic element in our international coverage, the aim is to give a balanced and comprehensive assessment of a country or a region. The reader may therefore understand the political and social forces at work, and how they interact with economics, trade and finance.

The FT is an important British newspaper, playing a full part in domestic political debate. But it is also a leading international publication, with a strong and growing presence in continental Europe and rising sales in North America and south east Asia.

The internationalisation of the paper has gone hand in hand with its sales abroad. Those amounted to 20 per cent of total FT sales when Mr Geoffrey Owen (now Sir Geoffrey) became editor in 1981. Sales outside Britain now account for 35 per cent of the paper's circulation.

Sir Geoffrey will be leaving at the end of 1990 to take up a post at the London School of Economics. Sir Geoffrey will be succeeded by Mr Richard Lambert, the paper's deputy editor, on January 1. Mr Ian Hargreaves, former director of BBC news and current affairs, will become deputy editor.

Fresh depths of global understanding

By Jurek Martin, Foreign Editor

IT IS not news that the Financial Times has a lot of foreign correspondents. But it is sometimes not always widely understood that they do things way ahead of the journalistic pack.

Thus we had the only European newspaper reporter in Kuwait when Iraq invaded. We have consistently broken stories on the how Iraq built up its military capabilities. As the German unification saga unfolded, we deployed our correspondents all over the place, from the offices of Egon Krenz and Helmut Kohl to the churches of Leipzig.

It helps to have people in the field. At the last count the FT could boast 34 staff foreign correspondents located in 21 cities in 16 countries. We also have another dozen, in as many countries, who are as good as on the staff and about 50 more "stringers" in 40 countries, as well as occasional contributors.

But good correspondents are only half the story. They need knowledgeable editors, desks and pundits in head office to guide them and to add a necessary perspective.

There are around 50 of these, all with degrees or speciality or interest in something outside Britain. Among them are 12 regional specialists who each look after an area and are expected to travel in their region for at least three or four months of the year.

It all makes sense because, on any given day, a third of the paper or more might be written from outside the UK. From page two onwards, there are four, sometimes more, general foreign pages, covering Europe, America, other regions of the world, and Trade. Special pages are a regular feature, most obviously and recently on the Gulf. In the second section, there are usually five pages which deal with international company news and finance. On any given day at least one of the two main features and one of the two leaders will probably be foreign, while all the other subject pages – management, technology, markets, commodities, the Weekend FT, even sports – will count on contributions from the foreign bureaux.

It might be assumed that FT foreign correspondents are a pack of pensionable polymath, polyglot economists. This is not necessarily the case.

Our man in Kuwait is only 30 but a veteran of the Middle East and Africa. Another, in her early 20s, was Young Journalist of the Year in the 1989 British Press Awards for her reporting on raids with the Afghan mujahideen. Another rescued colleagues from the chaos in Tiananmen Square and then wrote about it with studied calm.

But the real strength of the FT's foreign coverage is its authoritativeness. For that we employ journalists who write a bit, dig a lot, are not afraid of numbers, possess sound judgment and, above all, are interested objectively in the country they are writing about.

It is something of an in-house cliche to say that our person in Paris needs to be as interested in Renault as in Mitterrand, but there is more than a grain of truth in it. We don't object to equal fascination for financial liberalisation and two-star restaurants, either.

Edition tailored to needs of international readers

By Alexander Nicoll

READERS of the Financial Times outside Britain receive a specially tailored international edition.

At a glance, the international edition looks much the same as the domestic FT. Indeed, the newspaper's policy is that it has an identity as essentially the same international business paper the world over. This is in contrast with the approach of some other publications.

However, the international edition naturally reflects its readers' greater appetite for international news and reduced interest in events in Britain. This is achieved through the selection and editing of stories for the front and back pages of the first section, the front page of the second section, as well as the UK news pages. The edition has more space available for international news and analysis than the UK edition.

The front and back pages show a greater emphasis on stories of interest to international, rather than British, business people. Correspondingly, less weight is given to UK news, which is specially edited so that it will be of interest to, and understood by, the non-British reader.

The international edition is produced by a dedicated team of journalists in London and transmitted by satellite to printing centres in Frankfurt, Germany; Roubaix, France; Bellmawr, New Jersey; and Tokyo.

Printing in Japan was launched in June 1990, enabling readers there to receive their copies of the FT before readers in other countries. Copies circulated in Japan carry a panel in Japanese on the front page, highlighting articles which may be of interest to them.

The Financial Times has a daily readership of more than 1m people in 160 countries. Daily sales of the international edition have increased from about 13,000 when it was first published just over 10 years ago, to 99,200 in the first half of 1990. British sales were around 192,000.

Most international readers are not British expatriates but business people living in their countries of origin. On average, 38 per cent of chief executive officers in Europe's leading 5,000 companies read the paper each day. In the US, copies are hand-delivered to members of the House of Representatives and the Senate.

Opportunities in management, innovations in technology

By Peter Martin

THE FT has had specialist coverage of management and technology for many years. There is now a daily management page, and a technology page four times a week.

Each page has evolved over the years. Both of them, however, maintain the FT's aim of providing information and analysis that is of practical relevance to the reader in his or her day-to-day business life.

The technology page's Worth Watching column provides a twice-weekly guide to innovative products and techniques, as well as more detailed, searching reports on topics such as computer software, biotechnology, and mechanical engineering.

A monthly report from the FT's Silicon Valley correspondent, Louise Kehoe, covers trends in the US electronics industry. Throughout the technology coverage, the emphasis is on the needs of users and purchasers rather than simply on the features of the new products or processes. In recent months the technology page has reported on ways that genetic engineering can improve laundry detergents, the emerging competition in the market for mobile communications new techniques for keeping food fresh and safe and the use of technology in the battle to deliver the world's mail.

The FT's London-based specialist reporters aim their coverage both at the specific community of professionals operating within a particular field as well as the broader range of people outside a profession who need to understand events within it. The FT brings an independent and international eye to such issues.
Page IV

Similarly the management page tackles pressing business problems – ways of reducing absenteeism, or case histories of successful quality improvement campaigns – as well as providing a guide to current management theory.

Every Tuesday the management page is devoted to the problems and opportunities of "the growing business", those small and medium-sized companies that are attempting to apply professional standards of business management.

On Thursday the page is devoted to marketing and advertising, covering the marketing services industry and the tasks facing corporate marketing departments. A recent piece on this page examined the efforts of western advertising agencies to penetrate the Japanese advertising industry.

Among other recent stories, the management page has analysed the new "transnational" style of organisation for large companies, reported on how new directors are trained, given case histories of successful attempts to start exporting to the US, and examined United Biscuits' decision to sell its fast food restaurant chains and get back to the basics of biscuits.

Management and technology issues are also, naturally, often covered in articles on the main features pages and in news stories.

CONTENTS

Investment in global future underlines FT's commitment

A tradition of internationalism has been gathering momentum at the FT since the 1960s. The newspaper has a strong network of correspondents and printing plants outside Britain Page 2

MARKETS

Latest rates from world markets in shares, currencies, credit, gold and oil are in this box.

DOLLAR: Prices in New York against European currencies and the Yen. Closing rates in London against the same currencies, plus the closing dollar/yen rate in Tokyo and the dollar's exchange rate index, which measures the US dollar against a basket of other currencies.

STERLING: the rate against the dollar in New York and closing rates in London against European Currencies and the Yen.

GOLD: Prices in New York and London.

N SEA OIL: Brent North Sea contract.

STOCK INDICES: Latest levels of the Dow Jones Industrial Average and Standard & Poors composite index in New York, the Nikkei Stock Average in Tokyo, the FT-SE 100, FT Ordinary, FT All-share and FT-A World Indices, and the London long futures contract on UK government bonds.

US RATES: Federal Funds, the key rate at which banks borrow reserves from each other in New York, the yield and latest price on the benchmark long government bond.

LONDON MONEY: the closing rate on London 3-month sterling inter-bank loans.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

A Reader's Guide

An essential working tool

Many readers of the Financial Times – businessmen, investors, government officials and others – rely on the FT as an essential working tool. They take decisions in the confidence that the information we provide is accurate and that our reporting is fair and reliable.

We hope that there are many other reasons, unconnected with their work, why they buy and enjoy the FT, but the special role which the FT plays in the working lives of many of our readers does have an important influence on the character and style of the paper. Above all, the determination to get the facts right, to check and re-check until we are sure the story is accurate and complete, is seen by all our writers and editors as the first priority.

Of course the FT has opinions. These are expressed in the leader column which appears in this position on the leader and feature page each day. It also has columnists who present their own views – sometimes very different from those of the leaders in signed articles. But the distinction between news and comment is rigidly maintained.

Although the paper has changed greatly over the past 40 years its aim has always been to provide practical information which would help readers make better decisions and to shed light on the events which are shaping the modern world.

Stable ownership

We have had two great advantages: a stable and sympathetic ownership and a consistency of style and objectives which stems in large measure from the long editorship of Sir Gordon Newton, who edited the paper between 1949 and 1972.

Our editorial line is not based on an ideological preconception of how the world works; it reflects a strong belief in personal freedom, a preference for allowing markets to function and a recognition that markets are not the solution for every problem.

The expansion of our international coverage, which has been the most important development of the past two decades, was as much a response to the needs of our British readers as an attempt to find new markets overseas. The UK's entry into the European Community, the expansion of world trade, the rise of the newly industrialising countries – all this had to be explained in a way that would be relevant to the day-to-day concerns of our readers.

Accessible to laymen

At the same time the thirst for information about international business, economics and politics on both sides of the Channel was creating a demand which the FT was well equipped to serve. The decision to print the paper in Frankfurt in 1979 and the US in 1985 gave a boost to the internationalisation of the FT, affecting the attitudes of its staff as well as making the paper more available to non-British readers.

As a UK-based newspaper we will always tend to cover British affairs in greater detail than those of any other country. We will seek to participate fully in the debate about British policy issues. But few issues are so parochial that they have no parallels in other countries or that they are not understood when they are put into an international context.

More than most newspapers we serve a wide variety of audiences. There is the Eurobond trader who follows closely our market reports, the aid executive who is deeply interested in our analysis of economic and political trends in Africa, the academic who watches our reports from Eastern Europe, and many more. All this reporting and analysis we aim to present in a way that is accessible to the layman and the specialist.

An earlier editor of the Financial Times once remarked that readers in all walks of life were finding that "questions which used to be the exclusive concern of the businessman and the economist exert a profound influence on their daily life and happiness." This broad view of our readers' interests and concerns has aided the FT's development over the past 30 years and will continue to do so.

Logical merger of old rivals

THE HISTORY of the Financial Times is initially the story of two newspapers: the Financial Times and the Financial News, both of them founded in the 1885 when London was a pretty tough place and news was a hot commodity. It was worth a lot of money, for example, to get the first reports of a new mineral find in South Africa or Australia. And the newspapers could be unscrupulous in the way they went about their task: it was not uncommon for a courier taking news to one paper to be hijacked by another.

The Financial and Mining News was founded in London in 1884, cost one penny and had four pages. The words "and Mining" were quickly dropped. The first Financial Times appeared in 1888. A few years later it added the famous tinge of pink to its pages "in order to distinguish the Financial Times from other journals of similar appearance."

From the start, there were differences between the two rivals. The FN was more audacious and outspoken; the FT was more reputable and quickly became "the paper of the Stock Exchange." Indeed, in its very first editorial, the FT described itself as "the enemy of the company wrecker" a none-too-oblique reference to the FN.

Although their financial results went up and down with the state of the economy, there continued to be room for both of them. In 1919 the FT was bought by the Berry brothers, who subsequently became the press Lords, Kemsley and Camrose. The FN was bought by Eyre and Spottiswood, the publishers, in 1928, led by Brendan Bracken.

Unusual takeover

Bracken was a protege of Winston Churchill and became a government minister during the war and had a great influence on the future of both papers. There were discussions of a merger during the slump of 1931, but nothing came of them. The merger finally took place in 1945. One reason given was the continuing shortage of newsprint, even after the war, but it was probably also true by then that one paper could provide a better service than two.

It was an odd sort of takeover. The FN bought the FT for £743,000 a large sum of money in those days. The merged paper was called the FT, but included many of the features and writers from the old FN: for example, the Lex Column and what had been founded in 1935 as the FN 30-share index. The FN also contributed Gordon Newton, who became the editor of the new paper in 1949, stayed till 1972 and did more than anyone to give the FT its present reputation.

Talent ground

Under Newton's editorship, it was expansion and improvement nearly all the way. Foreign news coverage was greatly increased, and a careful eye was kept on the arts not least because Lord Drogheda, the chairman, was also chairman of London's Royal Opera House. The paper developed talents: Nigel Lawson, the former Chancellor of the Exchequer was a young feature writer.

In 1966 the paper sought to buy The Times with the aim of submerging it into the FT. The negotiations broke down over the price. David Kynaston, the FT's official historian, describes the merger talks as "the greatest might-have-been" in the paper's history.

Thus the FT went on in its' own way. The next big move, under the editorship of M H (Fredy) Fisher, was to start an international edition printed in Frankfurt. The first one appeared in January 1979. The paper is now printed in France and the east coast of the US as well and as much of one third of the circulation is overseas. The process of expansion has gone on; so has the continuous search for improvements.

In 1957 the paper was sold to what is now the Pearson Group, which continues to own it. New computerised printing technology was introduced in 1987: the printing now takes place at a separate site at East India Dock, East London, and in early 1989 the editorial part of the paper moved from Bracken House to Number One Southwark Bridge overlooking the River Thames.

Raymond Snoddy examines the FT's commitment to international news reporting

Growing investment in a global future

SINCE the 1960s a tradition of internationalism and strong foreign coverage has been gathering momentum at the Financial Times.

It is a tradition that received a significant boost from the growth in importance of the European Community and from the increasing globalisation of business and the financial markets.

The FT's editors have to perform a daily balancing act, making sure that significant world stories are properly covered without losing the attention of the small businessman or UK investor who may not be all that interested in international affairs. "We have to be careful not to be self-indulgent because we have a good writer in some far away place," says Sir Geoffrey Owen, the editor.

Whatever the complexities of balancing the needs and interests of UK and overseas readers, the paper long ago committed itself to being an international newspaper and making available the resources that such a commitment involves.

The FT has 33 staff correspondents – from Bangkok to Moscow to New Delhi to Stockholm – as well as in the more obvious locations for foreign bureaux such as Paris, Brussels, Rome, New York and Washington. Each foreign correspondent costs, on average, about £125,000 ($242,000) a year to maintain. In addition, the paper has 12 full-time but non-staff correspondents around the world.

This means the FT has one of the largest commitments to foreign reporting in the European press. The commitment to internationalism is probably best symbolised by the decision in 1979 to create an international edition of the paper and print it in Frankfurt, making it the first British national newspaper to print daily on the continent.

It was a brave decision. It meant £3m off the paper's profits when the whole FT group was making less than £5m a year in pre-tax profits. However, it led to a sharp change in the paper's perception of itself and further encouragement to the creation of a more international outlook.

It was not simply that the paper tripled its coverage of overseas companies, tripled its staffing of international capital markets and radically re-cast its foreign exchange and money market coverage. In addition, the outlook of its staff altered.

Specialist writers such as the motor industry, textiles and banking correspondents, as well as sub-editors and advertisement representatives, all began to change their view of their roles as a result of the paper's expansion on the continent.

Above all, the change accurately reflected what was happening in the world: readers, whether they were steel or computer industry executives, bankers or stockbrokers, and whether they lived in Manchester or Milan increasingly needed to know what was happening in their industry worldwide.

Despite the fact that each overseas printing operation costs between £1.5m and £2m a year in contract printing and transmission costs, the FT has already added three more sites: a US plant in New Jersey; Roubaix, near Lille in France; and most recently Tokyo.

The evidence is that making the paper available in foreign markets by satellite on the day of issue significantly increases circulation. When the American printing operation was launched in July 1985 the FT sold less than 7,000 copies there. Now the North American circulation is over 23,000 and growing.

In the two years after printing began in Roubaix in 1988, sales in France have increased by more than 20 per cent. Printing in France also allowed distribution of copies printed in Frankfurt earlier in Germany, boosting circulation there. Moreover, the early part of the Frankfurt print run could be used for supplying the Swiss market, thereby delaying the need for a separate Swiss printing plant.

Overall, sales on the Continent have increased from 17,000 in 1978 to more than 60,000 and total sales outside Britain have reached 100,000 and are on a gentle but steadily rising curve.

UK sales have been more volatile, rising from around 170,000 in 1984 to a record of more than 230,000 at the height of the stock market boom in 1987, before slipping back to below 200,000.

The foreign expansion of the FT continued with the commencement in 1990 of printing in Tokyo. Between now and the end of the century, if the economics justify it, the Financial Times could be printed in Switzerland, Hong Kong, Singapore and Chicago and possibly even have a printing site serving the English-speaking markets of Australasia.

For the FT the commercial logic of going to Japan – was the case when the paper started printing in the US – to make sure, first, that the local business and financial elites were thoroughly familiar with the paper. As a result, the paper hopes that when such businessmen are planning an advertising campaign aimed at the pan-European market they will choose the FT as the vehicle.

Already more senior European businessmen read the Financial Times than any other newspaper or magazine, according to independent market research.

A recent independent European Businessman Readership survey showed that in 1989, 20 per cent of western Europe's senior businessmen read the Financial Times.

By comparison the figures for the International Herald Tribune and the Wall Street Journal/Europe were 4 per cent each.

The FT reader tends to be affluent, to own stocks and shares, and to travel a lot. In the UK, 50 per cent of the 750,000 people who read the paper come from professional and managerial groups, 41 per cent are under 35 and 70 per cent of the business leadership are directors or managers.

IT is the nature of the average reader of the Financial Times that makes the paper so profitable, despite a total circulation of a little under 300,000 – small by the standards of British popular dailies. The readers of the paper are so attractive to advertisers that 75-80 per cent of revenue comes from advertising rather than the sales.

The use of satellite communication to print the FT abroad has been matched by modernisation in the UK in the wake of what has been called "the Fleet Street revolution" – the introduction of up-to-date technology and the ending of traditional restrictive labour practices. The FT, like other national newspapers, has benefitted enormously from the decision of Mr Rupert Murdoch, chief executive of News Corporation, to take his four national newspapers to Wapping in London's Docklands, over a single weekend in the face of a strike by printers. In the past couple of years the FT has spent £70m on modernisation. The investment has covered:

- A new printing plant in Docklands equipped with full colour presses. The plant will eventually have the capacity to produce 600,000 72-page papers a night. The latest inserting equipment, which can insert into the paper pre-printed material such as regional supplements, brochures or company reports at the speed the presses run, means the number of pages the FT will be able to carry from next year will be greatly increased.
- A computerised editorial system which allows journalists' stories to go direct to computerised typesetting machines.
- The cost of more than 400 voluntary redundancies caused by the changes in technology.

Newspaper technology is still, however, changing rapidly. It will not be many years before it is possible both to assemble newspaper pages electronically and for the completed pages to go in the form of a digital stream straight to automatic platemaking machines. In effect, the newspaper production process will be so telescoped that the stage between the preparation of the words and appearance on paper will virtually disappear.

The FT and its drive for overseas sales remains the core of the Financial Times Group although, in the past 18 months, a triple-track strategy has been put in place.

The second track involves acquiring or investing in similar publications in different countries. The strategy has led to the acquisition of Les Echos, the French business daily, the taking of a 25 per cent stake in the Financial Post, Canada's first business daily, and 35 per cent in Expansion of Spain.

The third track is to exploit FT information through both electronic publishing and broadcasting. The company has set up a television division which is producing a number of daily and weekly programmes.

It is all a long way from the four-page broadsheet paper launched in London on February 13 1888 declaring itself to be the friend of "the honest financier, the bona fide investor and the respectable broker" and equally firmly opposed to the "the unprincipled promoter, the company wrecker and the gambling operator."

Instant access to news and information

TUCKED AWAY on the third floor of the Southwark Bridge building is Financial Times Television, one of the FT Group's most recent ventures.

Set up in July 1989, its main aim, says managing director Colin Chapman, is "to be Europe's prominent supplier and provider of business programmes. It was established to achieve in television terms what the FT does in newspaper terms".

Programmes are distributed by land, cable and satellite TV and are seen in countries throughout Europe, across North America and in Japan.

FTTV's biggest venture is World Business Tonight, a half hour programme presented from the company's London studios and transmitted twice nightly on Cable News Network International – a 24-hour news network available in 95 countries. Another programme, FT Business Weekly, goes out all over the world.

Financial Times Business Report, a five-minute morning bulletin to brief business people on overnight news, is broadcast on Super Channel, the pan-European satellite and cable channel.

FTTV currently employs 27 people. "By this time next year we expect to have gone up to about 40," says Chapman. Its plans also include a weekly business programme translated into Russian, Czech, Polish and Hungarian to be broadcast in these countries.

Another venture within the Financial Times Group is FT Profile – an on-line information service providing instant access to over 70 newspapers, magazines, research reports and specialist data. All that is needed to get hold of the information is a computer terminal, a modem and a telephone wire. It takes a few seconds to call up the information. Just type in key words that describe the subject to be researched, then all news items and reports mentioning those chosen words are retrieved.

Profile is used extensively within the Financial Times newspaper and has a broad range of other users from banks and building societies to advertising agencies throughout Europe, North America, the Far East and Australasia. Profile was launched in 1983 and was taken over by the FT Group in 1987.

LETTERS

From Mr F.T.Reader.

Sir, It is only to be expected that the letters column in a first rank business newspaper should reflect the main preoccupations of its readers.

Writing from around the world, concerned as much with international issues as with particular industrial and commercial activities in their own countries, FT readers show, in their letters to the Editor, that they have much in common. They are rooted in the realities of business: profit/loss, efficient/wasteful use of resources human and material, the effect of domestic policies and legislation upon commercial and industrial activity.

Mostly – but by no means entirely – FT letter writers contribute in English. Those for whom English may be a second language know that their remarks will be carefully checked and edited to reflect exactly what the writer means to say. (A letter in a language other than English will normally appear in translation.)

German bankers vie with Swedish businessmen or Brazilian economists for the last word on cross-border company mergers in Europe or third world indebtedness to western banks.

The rights of a free press ring pretty hollow without a right of reply offered to readers. But there is more to FT letters than that. Where the correspondence columns of other British broadsheet newspapers seem still to resemble a tribal noticeboard for what used to be the English middle classes, the quarter-page slot below the fold on your opposite-the-leader page is a rattling good international read, a forum of daily debate across the English-speaking world. The level of debate is high, the tone moderate, the ironies ironed smoothly courteous.

There is nowhere like the FT letters column for watching lively contradiction and paradox fizz through "free" markets, "controlled" expenditure, "responsible" government.

FT readers themselves can be relied on to expose in print those gaps between rhetoric and reality left open by politicians, city fathers, diplomatic spokesmen and public relations people.

If the tone is almost invariably serious – there is nothing frivolous, either, about subjects such as cycle lanes in cities and the cost of tap water – to complain of this would be to criticise unjustly the editorial policy of a newspaper which is at once a national and international business broadsheet.

You show determination to publish only those letters which serve the topic rather than the writer. Therefore, Sir, I have to remain:
F.T.Reader.

A look at the lighter side

■ This is the FT's diary column. In it you will find a pot-pourri – sometimes quite idiosyncratically English – of pieces mostly about people. It provides the lighter, human side of the news, as well as news which is interesting but not really news.

Sometimes, Observer can boast "scoops" in the proud tradition of Evelyn Waugh. It recently stirred the pot of a controversy raging in the US over an anonymous but influential writer about foreign affairs. "Z", as he identified himself in the US press when writing articles about Mr Mikhail Gorbachev, was unmasked in the Observer column by "K". This only served to arouse curiosity about "K". He too was eventually identified in the Observer column.

Features pages

■ The "leader page", upon which this column appears, is one of the FT's daily showcases. On it are "leaders", editorial comments which give the newspaper's view on a wide range of issues. There are usually two each day, and they appear on the left. The larger article on the page is the day's main feature, which analyses an important issue in as broad, relevant and lively a manner as possible. On the opposite page appear Letters to the Editor, and usually another feature article or a piece written by an outside contributor. A number of regular columns are also published on these pages: Samuel Brittan's Economic Viewpoint, a weekly book review, a weekly Foreign Affairs column, and a weekly column on British politics. Lombard columns express the personal views of the writers. Each Saturday a man or woman in the news is profiled.

OBSERVER

Serious

■ An example of the column giving the news behind the news was an interview with Sir George Blunden when he was retiring as Deputy Governor of the Bank of England. He reflected on the crises which the Bank has had to resolve from Barings in 1891 to Slater Walker and Johnson Matthey – the details of its collapse are not due to be settled until 2010. He recalled that when he was at the Bank in the 1960s, two of the items he had to round off dated back to the 1920s. Blunden saw a certain continuity in this. The Bank came to the rescue when it had to. It bore the precedents in mind, learned from the experience and did a little bit better on each occasion.

In the case of Slater Walker, the objective was to prevent the setback to the Euromarkets in London that would have come about if a London bank had been a major defaulter. On Johnson Matthey, Sir George had no doubt. "We had to save the London gold market."

He saw no great banking upsets on the British horizon. "There aren't any concentrations of lending comparable to the secondary banking crisis of the early 1970s or to when lending to the third world was being over-extended in 1982." He also voiced a belief that "the big people don't fail. We never worried too much about Midland or Crocker."

Not so serious

■ And to start the day, you need a good joke. Here's one from a recent Observer column. What happened to the dyslexic agnostic insomniac? He lay awake at night wondering if there was a dog.

FINANCIAL TIMES
COMPANIES & MARKETS

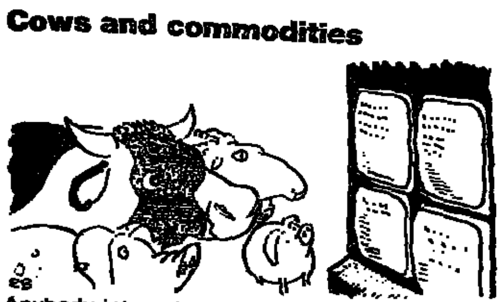
A Reader's Guide

INSIDE

Daily snapshot of global money

The Currencies and Money Markets page, published every day, contains reports on the foreign exchange and money markets. There is also a wide range of tables, including indicative spot and forward rates in all main currencies, cross rates and Eurocurrency interest rates. The foreign exchange market is a global business, and the FT publishes a snapshot which captures the picture at one point in each 24-hour cycle in London. London is the world's biggest centre for foreign exchange dealing with an average daily volume of some $180bn, followed by New York and Tokyo.

Cows and commodities

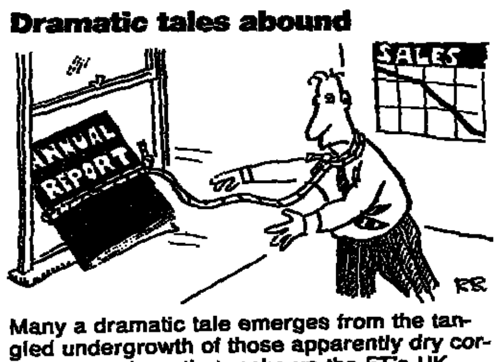


Anybody interested in the world economy, especially with a tilt towards "green" issues, agriculture or the problems of Third World countries, should look to the Commodities and Agriculture page. The days have long passed when the page was aimed principally at traders wanting a guide to short-term price movements, though it still aims to provide regular and up-to-date interpretation of the markets. The broader focus is on food and agriculture developments: fishing and forestry, the European Community's Common Agriculture Policy, developments in mining, oil exploration and production of particular commodities, like coffee or wheat, both from a global perspective and from the point of view of particular countries. Since the fate of countries may depend on the market for one or two commodities, many articles spill over into more general topics, often with lively and colourful insights into economic life in different parts of the world.

The corporate view

Resources devoted by the FT to reporting on international companies have increased at a striking pace. Specialist writers in London cover industry sectors from a global perspective, taking as much interest in Mannesman Demag as in Davy International, or in Singapore Airlines as in British Midland. Their writing complements that of our foreign correspondents spread across the globe. The reasons for the FT's heavy investment in the supply of corporate news from all corners of the world are easy to identify: more and more companies are involved in export or import; others are threatened by overseas competition; employees are affected by foreign ownership of their companies; governments are anxious to encourage foreign investment; and sharp growth in cross-border mergers, acquisitions and investments.

Dramatic tales abound



Many a dramatic tale emerges from the tangled undergrowth of those apparently dry corporate numbers that make up the FT's UK Company News pages. Staff working for these pages face a daunting daily challenge that few other publications dare contemplate – they aim to be a newspaper of record. This reflects our continued commitment to cover UK corporate news to a breadth and depth unrivalled by any competitor. The FT covers the interim and full-year financial results of every UK company whose shares have a full listing on the London Stock Exchange or are traded on the junior Unlisted Securities Market and Third Market. Larger private companies are treated similarly. For many smaller companies, space considerations limit coverage to basic data – profits, earnings per share and dividends. For medium-sized and larger groups, however, the report is more detailed. Unless the company is being analysed in the Lex Column, the reporter adds a clearly labelled Comment. This identifies salient points and looks forward to prospects for performance of the company and its shares in the coming year. Takeover bids, mismanagement, creative capitalists, boardroom bust-ups – all these are covered.

Automation in the 'pits'

Some of the fastest-growing markets in recent years have been in futures and options contracts based on the financial markets. These so-called derivative markets are still dominated by Chicago, but exchanges also boast flourishing futures and options markets in other US cities, London, Paris, Tokyo, Amsterdam and elsewhere. Futures trading – in which dealers can either take risks on future price movements or protect themselves against adverse price changes – traditionally takes place in noisy "pits". But automation is creeping into the business. The Currencies and Money Markets page contains details of each day's activity in many contracts. Reporting on activity in these markets may be included in the daily reports on the currency, bond and stock markets.

Market Statistics

In this space we provide a daily index of the Markets Statistics panels to be found in the Companies & Markets section.

Companies in this section

A comprehensive daily index of the companies featured including the name of the company and the number of the page where the story can be found is published in this section.

Chief price changes yesterday

This section includes a handy summary of the previous day's share price changes in major centres.

Capital markets coverage increases

By Stephen Fidler

THE 1980s saw increasing sophistication among those seeking both to raise money from and to invest in the world's capital markets.

The dismantling of controls on capital movements in many countries has helped bring about significant growth in cross-border flows of money. In addition, new financing techniques allow companies and investors to reduce (or increase) the risks they face.

All this has increased the importance of the capital markets as an "industry" within many economies, especially that of the UK. It has also raised the relevance of the capital markets to other businesses, to governments and to the average citizen.

The FT's coverage of the financial markets attempts, first, to signal important developments and then, where necessary, to explain their importance to a broader audience.

How is it possible, for example, to finance huge takeovers affecting the livelihoods of thousands of people based on the creation of huge amounts of debt? Why have the activities of some local authority treasurers raised the possibility that local councils across the UK could go bankrupt?

The FT has increased its coverage of international capital markets. Each day from Tuesday to Friday, it provides a report on activity in the largest government bond markets, such as the US Treasury bond market, Japanese government bonds and British "gilt-edged" securities.

This is accompanied by a table of prices and yields of key government bond issues in the US, Britain, Japan, Germany, France, Canada, the Netherlands and Australia.

Our capital markets staff also write a daily report on new issuance and trading activity in the international bond market, also called the Eurobond market. New issues are reported on and their initial performance analysed. The report is accompanied by a table giving details of each new issue. There is also a daily table of 200 prices of Eurobonds trading in the secondary market.

On Mondays, the FT provides more extensive analysis of developments in the international bond market, the US credit markets and other government bond markets, and the raising of loans to finance companies and governments – these are also reported on when there is important news.

In addition, our reporters write daily news stories and analyses on developments and trends in the world's capital markets.

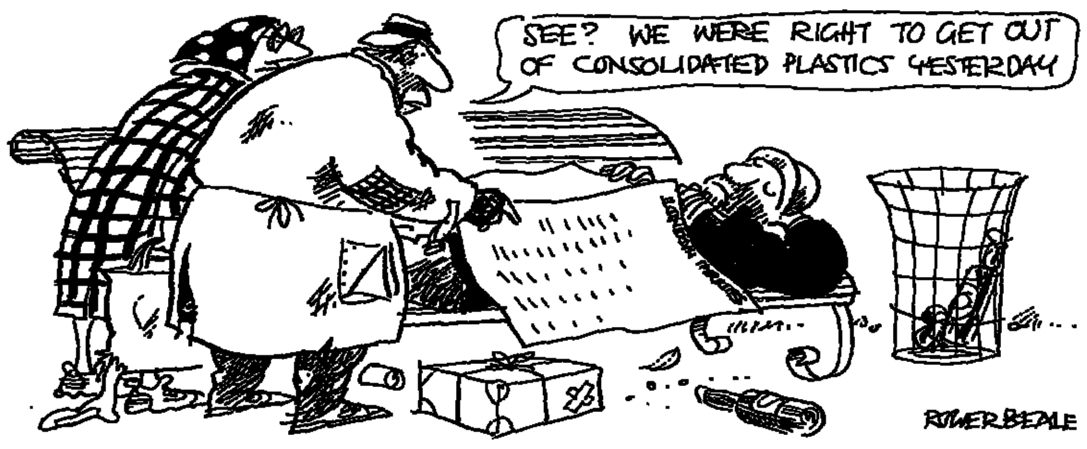
Our coverage of the so-called derivative markets – futures, options, swaps and the like – has kept pace with their growing international importance.

In covering developments in the markets where users and providers of capital reconcile their respective ambitions, the FT is painting in the gaps between its international economics and political coverage and its coverage of corporate and industrial affairs.

Vital statistics meriting detailed investigation

Terry Byland gives a beginner's guide on how to find and interpret the FT's price services

IN the film "Some Like it Hot", Sugar, alias Marilyn Monroe, held that the wearing of spectacles denoted particular virtue in men because their eyes get that way from reading the share prices in the financial press. If that argument has any validity then the pages of market statistics at the back of the Companies and Markets Section of the FT merit close study – and not only by men.



The Currencies, Money and Capital Markets page carries a multitude of statistical information. On the left-hand side of the page, under Foreign Exchanges, the day's prices for the pound, US dollar, yen and for the other principal world currencies are displayed against the pound or dollar or, in some cases, in terms of cross rates against a wider range of currencies.

Also quoted here is a list of interest rates charged on loans of leading currencies and the Sterling Exchange Rate Index, measuring the pound against a basket of other currencies.

To the right are Financial Futures and Options – prices quoted on exchanges in Chicago, London, Paris and Philadelphia for a wide range of instruments, including US, British, Japanese and German government bonds, currencies and stock indices, including the FT-SE 100 Index and the Standard and Poors Index of 500 US stocks.

The Money Markets section, at the bottom of the page, carries loan rates from London and New York for cash and for the short-term government and bank instruments regarded as virtually an equivalent to cash.

On the Commodities and Agriculture page, the World Commodities prices section carries price quotations from both London and New York for a range of "hard" (tin, lead, copper and zinc) and "soft" (cocoa, sugar, coffee and so on) commodities. Chicago, as befits its place in the geographical heartland of US agriculture, trades a wide range of cereal and animal futures.

The pages headed London Share Service carry the previous day's closing prices for both bonds and shares quoted and traded in London. Closing prices are the final prices quoted by the dealers who make markets in these securities. Usually this means the last price shown on the electronic trading screens but in fact a marketmaker can quote a new price any time – even after the screens are switched off.

The Share Service pages start with prices for British and overseas bonds, or loans. First are British Funds, which are the closing prices for the existing loan stocks of the British government. The lists carry a range of data, arranged in seven sub-columns, with headings at the top of each.

In order of immediate significance, the "Stock" sub-column gives the name of the bond and, more importantly, the dividend rate and the date on which the bond will be redeemed or repaid by the government. The "Price" sub-column gives the previous night's close, and the plus or minus shows the change since the close of the preceding trading session. The sub-column to the extreme left gives the high and low of the price for the year.

Bonds are mostly bought for income purposes, and the sub-column on the extreme right gives the annual income flow in two versions. "Int" is the interest yield, simply the annual dividend adjusted to the price of the bond on the previous day. "Red" is the total return if the bond is held to redemption, incorporating both capital and interest payment.

British Funds, or Gilt-edged securities, or Gilts are divided, in the market as well as in the FT columns, into "Shorts" (up to five years to redemption), "Mediums" (5 to 15 years), "Longs" (over 15 years), "Undated" and "Index-linked".

Undated bonds, being redeemable only if the government decides to buy them in, have no redemption yield. Both interest and principal of Index-Linked bonds are linked to the Retail Price Index, so two projected yields are shown in the FT, with their basis explained in footnotes.

Beneath the British Funds there are lists of other bonds traded daily in London, which are reported in a similar fashion to Gilts: loans raised by international banks and similar overseas institutions, or by UK local authorities or building societies, or by Commonwealth countries. Then comes a selection of foreign bonds, highlighted by a more extensive list of loans floated by US business corporations and traded in London.

On the International Capital Markets page is the FT International Bond Service, which lists prices in different currency sectors of the secondary Eurobond market. The bonds quoted are the most recent issues for which there is an adequate secondary market. On Tuesday there is also an FT Guide to World Currencies, which gives a comprehensive list of the latest available rates for the currencies of about 200 countries against the dollar, pound, D-Mark and yen.

The London Share Service lists share prices in the UK stock market. Following quotations for American and Canadian issues, the share price lists are divided by industry: Trusthouse Forte shares are quoted under hotels, Commercial Union under insurances and so on.

Once again, the sub-columns quote the full name of the share (Stock), the last closing price (Price), gain or fall on the day (+ and -) and the High and Low for the year. The remaining sub-columns contain additional information on the share's performance. The entries under these columns, particularly the price/earnings ratio and the gross yield, vary with the share price and help to reveal what the stock market thinks about prospects.

The "Div net" expresses in pence per share the dividend paid in the latest year, with tax deducted as is the UK custom.

"Cover" is the number of times the dividend payment is covered by total available earnings of the company, and gives a measure of its security as an investment.

"Y'ld Gr's" (yield gross) shows the gross (untaxed) dividend payment as a percentage of the share price on that particular day.

"P/e" or price/earnings ratio is simple in concept but can prove a quagmire in practice. Simply divide the day's share price into the company's earnings per share as most recently stated, and you have the p/e ratio.

A high p/e usually means that the stock market expects earnings to grow swiftly, or perhaps that a takeover bid will be made. A low p/e is not necessarily a bad thing, it just means that the market values the share as a steady earner rather than a wildly exciting prospect. Monday's edition contains market capitalisation for all FT listed shares.

Detailed information on subsections of Ft-Actuaries share indices and other statistics from world stock markets are to be found in the second section.

The Unit Trust Information Service lists unit trusts, each headed by the name of the managers, who each day supply the prices at which they will buy or sell units. On these prices are calculated the rise/fall on the day and gross yield.

A book entitled "Understanding Finance with the Financial Times", by Terry Byland, has been published by Harrap, London. Price £5.95.

Keeping track of worldwide investment

By Dominick Coyle

THE world's equity markets have become a global business. Many fund managers and other investors now routinely consider cross-border investments and track foreign stock markets.

The FT has reflected this globalisation of equity investment by expanding its daily coverage of markets around the world with comprehensive market reports and analyses, and with extensive statistical material.

On the World Stock Markets page, which appears in the international edition on the back of the second section from Tuesday to Friday, reporters around the world cover daily developments in the world's stock markets – while the London market is covered in detail on a separate page inside the section. FT London-based staff also contribute regular analytical pieces on world market trends, sectors, regions, trading reviews and volume analysis.

Japan, which in recent years had overtaken the US as the world's largest stock market (measured by market capitalisation), had to surrender the title this year, following a very sharp reversal in Tokyo prices, and America again reigns supreme. Between them these two markets represent close on 70 per cent of the world total; London has around 10 per cent and continental Europe some 16 per cent. The newspaper contains daily price quotations for some 2,000 international companies quoted on 15 major markets. Daily national indices measuring performance cover a further selection of markets, including a number from the Pacific Basin.

The FT-Actuaries World Index, compiled in conjunction with County NatWest/Wood Mackenzie and Goldman Sachs and published daily in the FT, covers some 2,400 publicly-quoted companies in 24 countries. It represents at least 75 per cent of the total market capitalisation of the world's main exchanges and is increasingly accepted as the key independent global index for performance measurement.

It has 11 regional indices across seven broad economic sectors made up from 36 composite industry indices, derived from over 100 sub-industry categories. The World Indices are published in detail daily on the World Stock Markets page.

Index measurement of the UK market has long been a feature of the FT, with the Financial Times-Stock Exchange index of 100 top British shares (the Footsie) now established as the benchmark for performance of the London market.

The would-be acquirer might be in New York...

Takeovers are followed closely

COMPANIES seeking to expand no longer simply try to snap up their competitor down the road. Mergers and acquisitions have become a global business. A takeover target might be in Paris, the would-be acquirer in New York, with investors in Tokyo needed to back the deal.

The 1980s saw a huge increase in the number and size of cross-border takeover bids. International capital markets were increasingly involved in developing new financing techniques to support acquisitions.

With European integration set to accelerate in the 1990s, and Japanese companies looking to spread their wings, the trend towards cross-border business seems bound to continue.

Large bids and deals – as well as many smaller ones – are extensively covered in the FT, especially in the second section.

...the takeover target based in Paris...

...with investors in Tokyo

FINANCIAL TIMES
A Reader's Guide

Surveys span 250 worldwide issues

By David Dodwell, Surveys Editor

NO, FT surveys are not opinion polls. Maybe we should call them special reports or supplements, but for reasons that no one quite seems to remember, we have for decades called them surveys.

We publish around 250 of them a year on subjects split into five broad categories – country surveys, technology, business and management, British regions and property, and leisure.

Other newspapers publish supplements, but none on the scale – or aspiring to the same journalistic authority – as the FT. In any one year, we will publish around 50 country or international surveys – which may range from four pages on the Turks and Caicos Islands, Mauritius or Hokkaido to six pages on California.

Some surveys explore industries or regions within a country. For instance, this year alone, surveys of Japan include Banking and Finance, the Japanese Motor Industry, Osaka, Kansai, Hokkaido, Japanese industry and computing.

All will be researched and written by our own correspondents based in bureaux worldwide, often aided by London-based specialist writers.

About 12 surveys focus on computing and high technology, while a similar number focus on banking and finance – both in the UK and overseas. Market research tells us that very few FT readers try to digest a survey on the day of publication. Most will file it for future reference.

A businessman headed for South Korea would often carry with him a copy of the latest surveys on that country. Most university or college libraries keep them on hand for undergraduates and postgraduate researchers.

Large surveys will appear as a separate section inserted into the main paper. Others will appear as an integral part of the first section of the FT, with those of a financial leaning normally appearing in section two. The contents panel on page one will always pinpoint the survey of the day.

During peak months from April to July, and September to December, there may be two a day.

We publish a guide to forthcoming surveys, updated every month. Call Anne Davies on (071) 873 4090 and she will send you the latest copy.

Arts page wins wide acclaim

By JDF Jones

IT STILL comes as a surprise to some new FT readers that it has a daily arts page. This is curious because the FT's arts coverage has been a respected part of the paper for more than 30 years.

Why, indeed, should anyone be surprised? Why should anyone doubt that FT readers – the business people, industrialists, professional men and women, diplomats, academics and so forth – care less for the arts than any other group of people?

That was the thinking, a generation ago, behind the decision to build up an unashamedly serious – some would say highbrow – arts service, even at a time when the paper was far more limited in range than it is today.

Since then, the arts page has become widely acknowledged for its excellence – and also for the way in which it has concentrated on a particular style which sets it aside from other newspapers.

There is a very strong emphasis on the review rather than the preview or puff, on the report of the performance rather than a feature treatment or personality profile, on the insistence on rigorous standards of excellence rather than susceptibility to the latest fashion or trend.

This is the brief to which the team of FT critics works. The four theatre critics fan out across Britain: London and the principal regional centres like Glasgow or Stratford are obviously their priorities but on any evening they are as likely to be reporting from Scarborough or any regional centre or a pub theatre in London's east end.

The half-dozen music critics find that they spend a higher proportion of their time in London, but they also travel the regions since opera is an FT speciality.

The two dance critics and their visual arts and architecture colleagues are particularly familiar with Heathrow airport because their respective disciplines demand an international perspective.

On the first four days of the week the arts page leads off with a regular signed column – on architecture, art, television and film, appearing in that order.

The paper's approach to television, to take just one example, differs markedly from that of most other papers: rather than treat last night's UK television programmes as the butt of a journalist jokesmith, the paper employs an experienced and well-known commentator who writes about the industry in the kind of depth which cannot be attempted in a brief "overnight" notice.

As the paper has expanded abroad – and as the interests of its readers have become more cosmopolitan – the arts page has taken an increasingly international outlook, from the US, continental Europe and farther afield, so that the arts lover can discover what events are taking place in the wider world and read a review of those productions. The international edition carries a special digest of the detail of events worldwide, designed particularly for the international traveller.

The commercial side of the arts is acknowledged in daily saleroom reports and a regular sponsorship column.

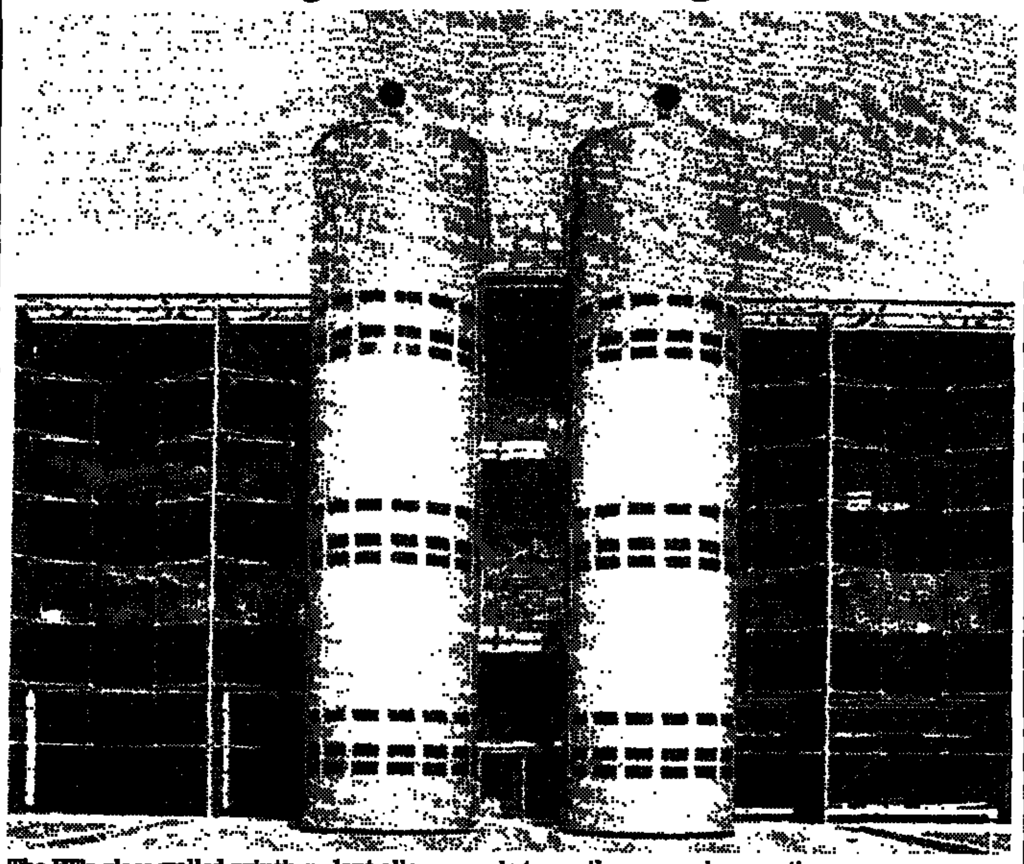
On Saturday, in the Weekend FT, the critics allow themselves to relax a little and write in more of a feature style about the developments behind the week's performances, the festivals they have visited and the controversies in their various worlds.

Literature is handled separately, on the Saturday books pages, by the literary editor and his large team of book reviewers.

Business-related books are reviewed separately from time to time.

And on Thursday there is a special book slot on the main leader page.

Award-winning docklands building



The FT's glass-walled printing plant allows people to see the presses in operation

Printing plant becomes a theatre for the public

THE docklands area of London was until a few years ago an area of warehouses and docks loosely bordering the River Thames to the east of the City.

In the past five years many of the warehouses have been cleared or renovated to make way for modern offices and apartments.

The FT has also played a part in that development of the enterprise area with the establishment of its production and printing plant at East India Dock. A distinctive building, the East India Dock site was the joint winner last year of the annual Royal Fine Art Commission/Sunday Times Building of the Year Award.

In an article in the Sunday Times magazine, the judges described the building as "a logical working-out of an industrial process, where reels of pink newsprint arrive at one end and bales of newspapers spew out at the other. Its inspired gesture is to have this whole process open to the public by making it a kind of theatre for the whizzing presses. Glass walls, supported by an ingenious arrangement of steel outriggers, allow passers-by to see what's going on inside."

The building was designed by Nicholas Grimshaw & Partners and The Robinson Design Partnership.

Within the plant, pages received from the Financial Times building at Southwark Bridge are "pasted up" – put together according to layout plans by sub-editors – and advertisements are put in place on the pages.

The pages are filmed and, in the case of the international edition, facsimiled by satellite to printing plants in France, Germany, US and Tokyo.

The London edition is printed on site at East India Dock.

COLUMNS

Sharp, knowledgeable and rather rude

THE FT provides space for strongly expressed views covering a wide range of subjects, stretching well beyond business and economics.

For the financial community, the Lex Column, which occupies this slot, is required reading. Indeed, the paper is often read back to front in the City of London: a quick glance at the front page headline, then a flip over to the back of the first section to see what Lex has to say about the main financial news of the day.

As the paper's editorial voice on the affairs of companies and securities markets, Lex aims to be sharp, authoritative and rather rude. Thus: *"The rate of technological change and regulatory response is so unpredictable that it is a mug's game to try and predict what is going to happen two year's hence, let alone more than a decade. So Racal Telecom's argument that the net impact of the new competition will be marginal is rubbish."*

Lex's remit is international, and is not just confined to stock markets.

"British Rail's claim to be a railway in profit for the third year running is true, but hardly fair. Back-of-the-envelope arithmetic suggests that the Broadgate property development alone has made three times more money for BR than the meagre £67.9m surplus its rail network has produced since 1986."

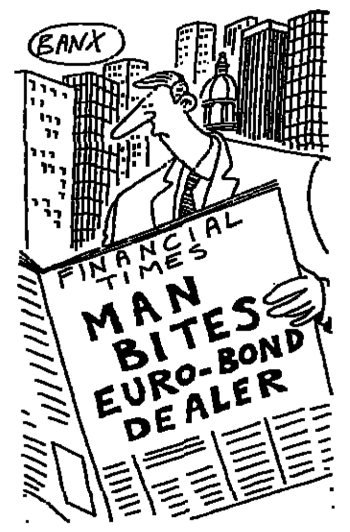
The paper's financial comment goes well beyond Lex. In his "Long View" column every Saturday, Barry Riley looks at broader issues.

"The name must have a lot to do with it: who would want to be known as a ticket tout? Would a stockbroker like to be called a securities tout? Yet both are no more or less than dealers in the secondary markets for various sorts of paper."

Or again: *"An Englishman's home might be his castle but, in the past few months, a Scotsman's has apparently been a better investment. That is probably, however, no more than a temporary sign of a change of trend. There is no need to move to an executive estate in Auchtermuchty."*

The paper carries a great deal of economic commentary. One of its best read features is the Economic Viewpoint written each week by Samuel Brittan, the paper's principal economics commentator. *"The law is the cause rather than the cure of our drugs problem."*

"Opening Britain's doors to Hong Kong immigrants is the biggest single contribution that could be made to improving Britain's economic performance."



"Dumping is the best thing that could happen for the British consumer."

"We should join the EMS and leave the CAP."

In its leader columns, the FT takes a similarly robust line in support of free markets: *"But generous as the Commission is, helping the Japanese to dominate the world's semi-conductor industry and improving the competitiveness of Japanese semi-conductor users cannot have been its prime objective. It also believes it is helping Community industry."*

More than most UK-based newspapers, the FT devotes much of its editorial comment to international issues: *"To create the conditions for successful economic development in Poland will take some years. To reap the fruits will take longer still. The new Government is doomed to be bold, but it will need generous help if it is to succeed. Poland's entire debt is, however, only \$39bn and its gross national product less than \$80bn. Against this, the combined GNP of the members of the western alliance is now some \$9 trillion. It is not a matter of not being able to afford to help. It is a matter of not being able to afford not to."*

There are other homes for strongly expressed views. In the Lombard Column on the main features page, for example, Martin Wolf wrote: *"Over the last 25 years, the world's most consistently successful economies have been Hong Kong, Korea, Singapore and Taiwan. Yet the Korean domestic market for manufactures, the largest of these four, is roughly the size of London's. Twenty-five years ago its domestic market had the purchasing power of a borough like Southwark. If size of domestic market were what matters, the great developing country success stories would, instead, have been China, India or Brazil."*

In the same space, Michael Prowse addresses social issues: *"The rising tide of discontent in the National Health Service is not necessarily a sign of the intrinsic inadequacy of a public service nor proof of the insatiability of demands for medical treatment. It is better interpreted as evidence of calculated underfunding. Such a policy may be designed to create a constituency in favour of free-market radicalism, but it does not amount to an economic argument for upheaval."*

Or again: *"A National Curriculum, whatever its other advantages, is going to crush experimentation and reduce choice and diversity. It also threatens to make education a political football. Those who cheered Mr MacGregor's intervention should wonder how they would feel if a Labour Education Secretary were to demand extra courses on the rise of working class solidarity in the late 19th century."*

Joe Rogaly, the political commentator, takes a broad view of his responsibilities: *"Another day I was drinking again, this time in a shebeen in a black township near Durban. Don't ask how I got there. It was a classy shebeen..."*

Or on a different occasion: *"I have news for the Archbishop of Canterbury. He ought to have been at the Ebenezer Baptist Church in Atlanta, Georgia, yesterday morning...he would have seen..."Sujay", or the Rev Suzan D Johnson..."I joined my femininity to His Divinity", she said.. "I got my thrill but it wasn't from Blueberry Hill – it was from God."*

Another weekly column addresses foreign affairs. In the view of Edward Mortimer: *"...the idea of sentencing a writer to death for what he wrote is just as offensive to modern western sensibilities as the idea that Christ might have liked to make love to Mary Magdalene, or that the Prophet might occasionally have listened to Satan, is to traditional Christian or Moslem ones."*

This column also expresses forceful views: *"Those who favour preserving economic ties with South Africa in present circumstances have to face the fact that in so doing they strengthen those in power, and so prolong the life of apartheid. Those who genuinely wish to accelerate change have to accept that in the process they are likely to make things worse for many black as well as white South Africans in the short run. There is no morally comfortable way out."*

So the FT is not just concerned about the price of War Loan.

Horizons set far beyond London's financial markets

By Roland Adburgham, UK News Editor

FROM our offices on the south bank of the River Thames we have a panoramic view of the City of London. But closely though we observe the financial happenings across the river, we set much broader horizons in our coverage of UK affairs.

We do set limits to those horizons. Unlike some other newspapers, we do not have a court circular telling of the Royal Family's daily doings; we are not concerned with show business tittle-tattle, nor with salacious crime stories. Our coverage of sport could euphemistically be described as selective.

In other respects we seek to be highly competitive, being first with the news whenever possible and providing, not only the best coverage of our specialist areas, but also of all the important or significant events, issues and trends which shape our society.

Detailed reporting of company and market news is, of course, an essential element of the newspaper.

In addition, our financial services writers report on everything from the mortgage market to the shady dealings of the less than scrupulous. Most of our London-based staff, however, are not directly concerned with the City. For example, we have teams of writers covering the economy, natural resources, technology and industry.

We also have labour and political staffs. Our coverage of industrial relations has a reputation for objectivity even in the most contentious of disputes, such as the year-long miners' strike. Our labour reporters explore a range of issues including training and safety. The FT's political coverage is also noted for its lack of bias.

Our specialist writers, who are expected to be able to cover their subjects in a lucid manner, free of jargon, are numerous as well as numerate. To take the A's alone, we have specialists in aerospace, accountancy, agriculture and architecture.

Our correspondents in Scotland, Northern Ireland, Wales, the north and midlands of England help to correct any metropolitan bias.

There is also extensive coverage in areas such as media, social services, the arts, law, the environment and education.

Last, but not least, we are putting increasing emphasis on investigations and "hard news", in which we seek to distinguish the significant from the sensational.

And although we retain our own perspective, our approach has become more human since the days when we reported the death of Tyrone Power beneath the headline: Film Star's Death: Re-filming Cost to Insurers \$1m.

Professions viewed from inside and out

FT writers explain that the paper's coverage is aimed at both specialists and laymen

MANY professional people will find the FT essential reading. The FT's London-based specialist reporters aim their coverage both at the specific community of professionals operating within a particular field, as well as the broader range of people outside a profession who need to understand events within it.

The FT brings an independent and international eye to such issues.

For example, it produces specialised coverage aimed at readers within the legal profession. There are up-to-date commercial law reports, published long before they appear in official series. Once a week the paper has a Business Law column devoted to discussing issues affecting commerce and industry. On Mondays there is a legal column which covers issues affecting lawyers and the profession and the Justinian column which covers broader issues.

But equally, the FT covers events within the profession, such as current reforms of the British legal system, so that non-specialists will understand what is happening.

Equally, lawyers need to see its daily coverage of UK and international company news, bid activity, the single European market and the financial markets. With competition increasing for the provision of legal services, there has never been a greater need for lawyers to be well-informed about commerce, industry and finance.

Business requires its lawyers to be positive and specific, totally involved in a company's affairs whether they are its internal or external legal advisers. The business lawyer is becoming very much part of the decision-making process.

The accountancy profession, belying its somewhat dull image, is going through an exciting period. The FT is the only daily newspaper to have a full-time reporter covering these issues.

His job is to write about the industry for the benefit of those working and training as accountants, but also for those who avail themselves of accountants' services or feel the need to puzzle out the arcane intricacies of technical accounting issues.

The big firms are all busy merging – or not – with one another, for no very obvious strategic reasons. They are riven with conflict between old-fashioned auditors and go-getting management consultants. While the profession goes through this upheaval, clients feel a creeping sense of disquiet.

The chief forum for the FT's coverage takes the form of a weekly column, published on Friday to coincide with pages of job advertisements for accountants. This ranges week to week over topics as various as the impact of the Italian Renaissance on double-entry book-keeping and the Australasian contribution to the brand accounting debate.

Many people are surprised by the space the FT devotes to education. It not only records educational news, but also brings its analytical tradition to the educational debate.

In the employment field, British trade union leaders are said to read two newspapers religiously: the Morning Star, the hard left daily which used to be linked to the Communist Party of Great Britain, and the Financial Times.

At first sight it is an unlikely combination. Yet the two papers provide the most comprehensive coverage of industrial relations, industrial disputes and trade unions. Trade union leaders freely admit they value the FT's balanced, unbiased reporting.

The FT's labour staff, while still covering important industrial disputes, is increasingly covering issues which affect people at work, regardless of whether they involve unions or disputes.

The FT also provides a uniquely wide-ranging and dynamic coverage of economic developments around the world. It gives readers the comprehensive news coverage and background detail needed to understand shifts in economic policy-making and movements in financial markets.

As national economies are becoming increasingly interdependent, the paper has developed unrivalled coverage of international economic trends.

It has also shown itself sensitive to new concerns. The environment became an economic issue for the FT well in advance of the discussion about green issues at this year's world economic summit in Paris.

In covering the British and world economies, the FT draws on the experience of a specialist London-based reporting team, the wisdom of Mr Samuel Brittan, the paper's distinguished chief economic commentator, the insights of its economics leader writers and the knowledge and enthusiasm of its large network of foreign correspondents.

A guiding principle of the FT's economics coverage is that it should be of use to all readers: the lay person as well as the specialist.

UK NEWS

BRITAIN IN BRIEF

Union seeks UK links with Japan

Japanese and British trade unions should draw up a joint code on inward investment, Mr Bill Morris, deputy general secretary of the TGWU general union, said in Osaka.

The code would aim to protect workers from exploitation and cover social and environmental issues, he said. Japanese companies which had so far invested in Britain had generally met the criteria which would be demanded by the code, Mr Morris added.

"For inward investment to be truly welcome it must pass a number of tests. We need to know how it will enhance the knowledge base of the country, the employees and the local community. Will it create seed corn for future growth through research and development, training and advanced technology? Will it damage the home base market of competitors?" he said.

TGWU leaders yesterday met representatives of Japan's equivalent of the Trades Union Congress as part of a drive, according to the union, to encourage industrialists to base their European operations in Britain.

Legal action on Lloyd's agent

Solicitors acting for Names - individuals whose wealth pays for underwriting in the Lloyd's of London insurance market - are to serve a writ on a Lloyd's managing agent in the next few days.

Members of syndicate 90, managed by Pulbrook Underwriting Management, are taking action against Pulbrook. They allege that the agency's negligence contributed towards losses of over £33m, nearly twice the amount they originally staked.

Like other syndicates involved in legal disputes syndicate 90 specialised in underwriting US liability risks, claims from which arise many years after the inception of the policy.

All these syndicates have been hit by mounting losses as a result of court awards in pollution and asbestosis cases.

Profit forecast for N-plant

Britain's £1.85bn reprocessing plant for spent nuclear fuel, which is nearing completion

Chamberlain: expects profit

at Sellafield in Cumbria, is expected to make at least £500m profit during its first 10 years.

Mr Neville Chamberlain, chief executive of the state-owned British Nuclear Fuels, made the forecast yesterday in response to what he called "highly misleading allegations" that the project was a white elephant that could bankrupt BNFL.

Mr Chamberlain produced a financial breakdown of the thermal oxide reprocessing plant (Thorp) project showing that its 30 customers are committed to spending £6bn with BNFL, while construction and operating costs for 10 years are put at £5.5bn.

DTI reveals inquiry figures

The Department of Trade and Industry (DTI) launched 167 statutory investigations into UK companies in 1989-90 in response to 616 applications for investigations, the DTI's annual report for the last year has revealed.

The bulk of the investigations were not publicised.

All but ten were started under Section 447 of the Companies Act 1985 which empowers the DTI to investigate cases of alleged misconduct such as theft, fraudulent trading and investment fraud.

Exchange posts half-year loss

London's International Stock Exchange reported a loss for the six months to the end of September as trading activity on the stock market slowed down and the exchange spent £5m on the development of its new settlements system.

Most of its £3.2m operating loss (which compares with a £12.7m surplus in the first half last year) was made up by interest income during the period.

Mr Andrew Hugh Smith, chairman, said however that cost cutting measures were being reviewed.

The exchange's income fell to £91.8m (compared with £98m in the corresponding period last year) due to the lower volume of trading and the fact that users of the market reduced their spending on the exchange's information services.

Eggar 'rejects' A-level reform

Proposals to shake up the A-level examination system appear to have been rejected by Mr Tim Eggar, the

Eggar: 'no tampering'

education minister.

Mr Eggar said that the post-16 examination would "not be tampered with" despite proposals aimed at broadening A-level study by the Schools Examination and Assessment Council, the government's advisory body.

Among its most contentious proposals were suggestions that A-level syllabuses be rewritten to include so-called core skills, such as problem solving, the use of information technology, communication skills and a foreign language.

Engineers to intensify action

The long-running campaign of strikes in support of a 37-hour week for British engineering workers is likely to end early next year, Mr Gavin Laird, general secretary of the AEU engineering union, said yesterday.

Mr Laird said union officials would intensify the campaign in its final stages by telling workers that a £6m strike fund was available to help them win hours cuts. "We have to get our finger out because of the recession," he said.

He said it was better for the campaign, which started in October 1989, to end on a given date than to "wither away".

The hours drive has been one of the most successful campaigns launched by trade unions in recent years. Launched after the break down of national talks with the Engineering Employers' Federation, it has, say unions, led to agreements for 37-hour or less weeks at more than 1,200 plants.

Holidays lead to complaints

More than half a million package holidaymakers were unhappy with the way tour operators dealt with their complaints last summer, according to figures released at the Association of British Travel Agents Conference meeting in Budapest.

Delegates at the conference were told that about five out of every six of the 650,000 holidaymakers who were unhappy about their holiday this year had so far failed to obtain satisfaction from either their tour operator or travel agent.

Mr Robert Worcester, chairman of the market research company Mori, said that the survey's findings – based on interviews with more than 1,000 package holidaymakers this summer – had important implications for the travel trade.

New town in Hampshire

Eagle Star Properties plans to build a new town on a 1,000 acre greenfield site which it owns in Hampshire. It intends to develop it as a complete market town, with 5,000 homes and architecture that would be in the "Hampshire idiom".

If it receives planning consent, the town would take more than 10 years to build.

Two fined after admitting insider dealing offences

By Raymond Hughes, Law Courts Correspondent

THE first insider dealing prosecution brought by London's International Stock Exchange yesterday resulted in the conviction of two men for dealing in the shares of Pittard Garner on the strength of unpublished price-sensitive information.

At Taunton magistrates court Mr John Lukins, a journalist, was fined £750, and ordered to pay £432 costs, after pleading guilty to three offences under the Company Securities (Insider Dealing) Act.

His brother Peter, an engineer, was fined £500, with £290 costs, after admitting two offences.

Mr Mike Feltham, head of the Stock Exchange insider dealing group, said later that an amendment to the Companies Act had given the Exchange the ability to prosecute straightforward cases of insider dealing, with the specific permission of the Secretary of State for Trade and Industry.

"As this case demonstrates, these powers are invaluable where the Exchange has compiled evidence to the necessary criminal standards, and where the additional investigative powers of DTI Inspectors are not required in order to obtain a successful prosecution," Mr Feltham said. He added that by bringing the prosecution itself the Exchange could also speed up the judicial process. Yesterday's was the fourth insider dealing case to come before the courts this year, but only the second to result in conviction.

In January the Crown Prosecution Service abandoned its case against Mr Jonathan Greenwood and his sister Miss Sara Coren, which had involved alleged dealings in shares on the strength of leaks from the Office of Fair Trading.

In the same month the Court of Appeal allowed an appeal – the first in an insider dealing case – by Mr John Cross, former managing director of Wordplex, against his conviction and £7,000 fine imposed at Oxford Crown Court in November, 1988.

In March Mr Malcolm Gooding was sentenced to 200 hours community service after pleading guilty to eight charges of insider dealing.

Markets expect overshoot on spending

By Peter Norman, Economics Correspondent

IF THE government's news managers have been doing their job, there should be few upsets on financial markets when Mr John Major, the chancellor of the exchequer, delivers the traditional Autumn Statement on the economy later today.

For there has been a steady drip feed of information from Whitehall to accustom the City to a large overshoot in the government's spending plans in the coming financial year that starts in April.

However, what the chancellor says about the economy next year will be subject to close study in the light of continuing speculation yesterday of an early interest rate cut.

The markets accept that Britain is currently in recession. But any hint from Mr Major of an early easing of monetary policy could seriously weaken sterling when it is already below its DM 2.95 central rate in the exchange rate mechanism of the European Monetary System.

Britain's sharp economic slowdown since August has helped reconcile the City to an expected jump in the 1991-2 public expenditure planning total to more than £200bn from the £192.3bn previously targeted.

But in the eyes of many commentators, Mr Major has still to rebuild his reputation as a tough "hard money" man since cutting base rates to 14 per

John Major

cent on ERM entry and immediately ahead of the Conservative party conference.

In last month's Mansion House speech, the chancellor signalled a weakening of government policy to reduce the share of public spending in gross domestic product.

After the government had cut spending to 38.75 per cent of national income in the past financial year from 46.75 per cent in 1982-3, Mr Major warned that "an economic slowdown inevitably brings renewed pressures on public expenditure which may no longer fall as a proportion of GDP".

In this year's public expenditure negotiations, Mr Norman Lamont, the Treasury's chief secretary, was faced with the task of paring back overbids totalling £17bn. It is thought he has held the planning total around £201.5bn despite recent disclosures of spending increases unforeseen in last year's Autumn Statement.

Mr Major has put at £2.5bn the extra cost of social security provisions recently unveiled by Mr Tony Newton, the social security secretary.

A similar amount was found in the summer to alleviate poll tax bills. During the spending round, Mr John MacGregor, the former education secretary, successfully held out for more money for schools.

Today's statement is certain to show a large increase in spending on the health service while rising unemployment will add further to the government's costs.

The government has also been spending more than planned during the current year.

Departmental outlays increased by 23 per cent to £75bn in the first five months of the current financial year from £61bn in the same period of 1989-90. The imposition of cash limits is expected to brake this growth sharply in the months ahead. But private sector economists generally anticipate increases in this year's spending.

Estimates vary considerably. UBS Phillips & Drew, for example, expects the 1990-91 planning total will be revised up from £179bn to £180.2bn. Mr Keith Skeoch, chief economist at James Capel, expects a £4bn increase. Mr Peter Spencer, UK economist of Shearson Lehman Brothers, believes 1990-91 spending could turn out to be nearly £20bn over the original target. Such an overrun would unsettle financial markets.

This year's spending total will help determine when the government returns to financial markets as a borrower after having repaid public sector debt in each of the past three financial years.

A consensus of UK economists and market participants published yesterday by MMS International, the financial information company, suggests that Mr Major will forecast a reduced budget surplus of £3.5bn for 1990-91 against £6.9bn previously. This would be rather more than the £2.5bn surplus expected by the markets.

By contrast, the chancellor is expected to paint a picture of subdued activity next year. MMS found a general expectation that the current account deficit will be forecast to fall to £12bn in 1991 from £16bn this year. Mr Major is expected to forecast economic growth of just 1 per cent next year and retail price inflation of 5.25 per cent in the final 1991 quarter against September's 10.9 per cent level – a lacklustre outlook in what the City expects to be an election year.

MANAGEMENT: Marketing and Advertising

General Motors' latest product launch

The workers tell it the way they see it

Martin Dickson on the unusual approach to the selling of Saturn

It is arguably the most important US product launch this year and its advertising is among the most unusual. It is a campaign for a brand new car, yet it does not show the vehicle – not immediately, anyway.

Instead, it concentrates on the lives of the people building the car – the important new Saturn model from General Motors – and the philosophy of the separate company GM has set up to make it.

So magazine readers are told how Ruth Cox, who assembles doors, is bowled over by the co-operation she gets on the production line from engineers who, at the last plant she worked in, had appeared to be remote and faceless beings. Ruth's kids are so happy with the move to their new home in Spring Hill, Tennessee, that they regularly wear the company T-shirts to school.

Tony Kemplin, another production line worker, reckons labour relations at the plant are so good it feels like a "new frontier". Instead of arguing with management about contract language, he now debates over lunch the hotness of barbeque sauce.

And don't forget Emmet the dog. Emmet belongs to the son of one of the company's workers. In another advertisement, the boy confesses he was a bit worried about the family's move to rural Tennessee: "What if all the kids turned out to be nerds?" But they didn't, and he's happy, though he's not so sure about Emmet, who seems troubled by meeting cows for the first time.

But will this intertwining of sentimental "human interest" and hard facts about Saturn's supposedly state-of-the-art production techniques encourage the hard-nosed American public to part with its dollars?

GM and Hal Riney & Partners, the San Francisco agency responsible for the campaign, are praying the answer is "yes" because Saturn is absolutely vital to the future of America's biggest motor manufacturer.

The Saturn, which went on sale at the end of October, has been seven years in the making and is GM's attempt to demonstrate that it can match, or even beat, the Japanese standards of manufacturing which have made such an impact in the US over the past decade.

The vehicle – which is in the small (sub-compact) segment of the market – is being made at an entirely new plant in rural Tennessee by a new GM subsidiary, also called Saturn. The company uses entirely new labour practices, and the car is being distributed through an entirely new dealer network. The declared aim is to win back buyers who have deserted Detroit for Japanese models and to hold on to those who are planning to defect with their next car purchase.

Saturn's clean-sheet approach has created a considerable marketing challenge. At GM's insistence, the advertisements make no mention of GM. This is actually a big plus factor, since it means the product is not associated too directly in the public mind with the quality problems which have long dogged Detroit.

Yet it also means that a company with no track record and which is totally unknown to the American public must create an instant image that portrays it as a credible home-grown competitor to the mighty Japanese.

The approach adopted by Riney involves two sets of advertisements. The first is a so-called "teaser" campaign, from which the examples above are taken, which is designed to show the company's fresh approach to making cars, its high quality and the degree of commitment it has won from the workforce. In only one of the advertisements is even part of a completed car featured.

This campaign ran for about a month ahead of the launch of the new vehicle in its initial markets of California and parts of the south. A second series of advertisements, which will alternate with the teasers over the coming months, began on launch day, October 25, and concentrates, more conventionally, on the merits of the car itself. Industry estimates suggest that GM will spend some $100m promoting the car between now and the end of 1991.

From the start, Riney rejected the confrontational attitudes towards the Japanese adopted in many US car advertisements this year. Lee Iacocca, the chairman of Chrysler, beams himself constantly into American homes to claim in a tub-thumping manner that his cars are better than those of the Japanese, even though the company's market share keeps slipping.

Some local TV advertisements for US cars have gone much further, employing crude racism in an attempt to stop the rot. One urged Americans to buy American cars because they were "built for our size families, not theirs". Another implied that buying a Japanese car was unpatriotic.

Patrick Sherwood, the Riney account director for Saturn, says: "We don't think Lee Iacocca pounding a desk and saying 'Buy American because we're Americans' does any good. To trade on people's guilt won't succeed."

The Saturn approach has been more subtle. Riney, an agency known for sentiment-laden messages, tugs gently at the patriotic heart-strings with its TV advertisements, which tell the stories of six lives connected with the Saturn project. Images of baseball, rural America, pets and Mom and Pop flash across the screen to folksy musical accompaniments.

There is no overt mention of the Japanese. Says Sherwood: "They are clearly the standard and we don't want to help them any more by comparing ourselves to them. We're not coming in on an equal footing, we're one step behind." The aim, he says, is to "set a separate Saturn standard".

Nevertheless, the campaign does quietly but insistently acknowledge that all has not been well in the US car industry, though it claims that Saturn is entirely new and altogether better. Each advertisement ends with the slogan "A different kind of company. A different kind of car."

Sherwood says that the message of the company's extensive market research is that car-buyers, tired of the hyperbole of the big US manufacturers, are receptive when advertisements are honest about the industry's past difficulties.

Saturn's most naked message is employed in a tear-jerker which begins with a close-up of a teenage baseball team from the 1950s and a voice-over intoning: "There was Barney, Billy, Scooter and Me. We grew up on the corner of Jefferson and Palmer and if you lived there then you lived, breathed, swore at and by cars."

A rapid succession of home-video-style images carries the narrator, who turns out to be an auto worker, through America's love affair with big grilled, 1950s gas-guzzlers and the swinging 1960s ("when life was good, work was good") to the 1970s oil crisis when "it seemed like overnight something happened to the way we built cars".

After some quick-fire pictures of the narrator looking frustrated in suitably bleak rust-belt backdrops, the images switch to horses frisking about in sunlit Tennessee fields as he tells how he decided to work for a company called Saturn "and build cars again in a brand new way".

As a piano tinkles out the last few bars of a lugubrious refrain, the camera lingers again on the baseball team as he declares: "There were some things I knew I'd miss... but certain things I wanted to remember." The veiled message seems to be that Saturn combines the new with the best of the old American ways.

The absence of Saturn cars in all this is somewhat reminiscent of a controversial teaser campaign Nissan employed in the US when it launched its up-market Infiniti model. That showed Zen-like images of rocks and trees and did not focus on the car itself for at least two months.

Despite complaints, the advertisements themselves were widely regarded in the media industry as an interesting, fresh approach.

Certainly, it takes a great deal to make your product stand out in the extremely crowded US motor market. But it is questionable whether hand-held shots of happy workers pulling together, or breathtaking sunrises in rural Tennessee, will be enough to convince the cynical motorist, who may well say: "Let's wait till these lovely people have sorted out all the bugs."

KPMG or not to be

In the UK, Peats was a familiar brand. Now, after international mergers, it is struggling to come to terms with its name

From a standing start just six years ago Britain's accountants have become remarkably adept at marketing themselves. In 1984 they were allowed for the first time to advertise their services. Since then they have taken on sophisticated marketers from fast-moving consumer goods backgrounds, they have mastered the disciplines of direct mail and public relations, and they have got to grips with the basics of advertising itself.

But there is one aspect of the science of self-promotion which still stumps the accountancy firms: many of them are not very good at knowing what to call themselves. Their unsureness of touch in this area contrasts markedly with the ingenuity and expertise they display when they advise their clients on such things as how to value intangible assets.

The problem emerged very forcibly at an internal conference held recently by KPMG Peat Marwick McLintock, the second largest firm of accountants and management consultants in the UK.

One session discussed how the firm was perceived in the outside world. Although this topic gave scope for a wide-ranging debate, much of the time was taken up with just one subject: what to do about the firm's name.

The name took its present form only in 1987, when Peat Marwick Mitchell merged with KMG Thomson McLintock. The Peat Marwick part of the name was kept for very good reasons; the firm, founded in 1867, is rooted in the UK's financial services establishment and a member of the Peat family is hereditary auditor to the Royal Family. Likewise Thompson McLintock was one of the strongest and most venerable Scottish firms, and in recognition of this the name McLintock was retained.

The initials KPMG stand for Klynveld Peat Marwick Goerdeler, incorporating the important names in the KMG network (to which Thomson McLintock belonged) as well as the words Peat Marwick. The long form of this is never used but since the merger, the firm has promoted KPMG – with a distinctive logo – as an international brand. The letters generally appear before the name of the local firm which belongs to the international network, for example: KPMG Deutsche Treuhand in Germany, KPMG Bohlins in Sweden.

"KPMG makes us sound just like the third best Dutch airline," quipped one delegate at the conference. Others rushed to the defence of the KPMG part of the name, suggesting that the Peat Marwick McLintock part should be dropped when marketing to international clients. That, it was argued, should be exploited when pitching for strictly domestic business.

Bob Simm, the newly appointed head of the firm's consulting division, came in on another tack, saying that whatever the firm was called, it was a shame that the press always labelled it an accountancy firm, when half the firm's "bottom-line" now came from non-audit services like consultancy. He floated the idea of a separate brand for the consulting business, perhaps KPMG Consulting.

Subdivisions cause greater confusion

I could not miss this opportunity. I ventured that the name was complicated enough as it was, and rarely appeared the same way in any two newspaper articles; writers generally mutated it and dropped either the KPMG bit at the front or the McLintock part at the end. Further subdivisions of the brand would only cause greater confusion, I tentatively suggested.

One delegate drew an analogy with Hanson, the industrial conglomerate. "Hanson never uses the name of the holding company when selling its products," she observed, "but promotes the Hanson name at a corporate level, nevertheless."

It was then pointed out that the marketing of the Hanson name had a wholly distinct purpose;the aim was to sell the company as a whole to the investment community, which would take an interest in the financial characteristics associated with Hanson plc, but not the bricks, typewriters fire-extinguishers and so forth sold by its subsidiaries.

There is no similar distinction between KPMG and the individual firms which make up the network; a buyer of international services will be swayed by the firm's reputation in the domestic market where the buyer is based.

The finance director of a UK-based multinational requiring an investigation of, say, a German acquisition target, may opt for Peats (as the firm is familiarly known in the UK) because of its UK reputation, not because the KPMG prefix is used in Germany.

"Yes, it is very important to get the KPMG into the legal name of as many of our members' firms as possible around the world," reflects Jim Butler, recently appointed as chairman of KPMG worldwide.

"Our multinational clients increasingly look upon us as KPMG," he says. "But in each country there is tremendous goodwill attached to the local name and it would be absolutely farcical to drop the Deutsche Treuhand name, for example."

The difficulty with the name is not simply a branding problem – in fact, it goes to the heart of the way most international accountancy firms are managed. Like most of the Big Six accountancy firms, KPMG Peat Marwick is not a single business entity around the world. Rather, it is a collection of numerous individual firms which collaborate on projects of mutual interest, for example training, investment and quality control, but do not directly share in each other's profitability.

Firms organised like this are often described as federal in structure, in contrast to the "one firm" approach adopted by Arthur Andersen, and, increasingly, Price Waterhouse.

Butler rejects the "federal" label; "we don't like this concept of a federation – all the firms are working together." Nevertheless, so long as KPMG's strategy is to grow by harnessing the powers of strong, autonomous local firms, it is inevitable that there will be tensions between the KPMG name and the names of the local firms.

"We are trying to have our cake and eat it," Butler acknowledges.

BUSINESS LAW

Takeover of Swiss companies: the myths and realities

By Bruno Boesch

For a long time, criticism has been made of the unsatisfactory information imparted by Swiss companies to their shareholders, at their complicated three-tier stock structure and the lack of transparency, and liquidity, of the market. There is some truth in the criticism, although progress towards reform has been made. But by focusing on technical flaws, the critics tend to overlook realities of a structural nature.

The most die hard *idée recue* concerns the restrictive share structure of most listed companies, its supposed anti-takeover effect and anti-foreigner nature.

The share capital of Swiss companies is often structured in a way which distinguishes between registered, bearer and participation shares. Registered and bearer shares are voting shares, participation shares are non-voting. Only bearer and participation shares are freely available to all investors. The purchaser and holder of registered shares can be refused entry in the share register by the board of directors, on grounds set out in the articles of the company or, sometimes, even without an indication of grounds.

A company can also - and this seems to be the more modern way of trying to "remain independent" - limit the maximum shareholding of any single shareholder. Nestlé, for example sets this limit at 3 per cent. Some chemical companies set the limit even lower. Eventually the company's charter can be locked by setting quorum and qualified majority requirements for the amendment of certain important articles, concerning, in particular the share structure (for example: Nestlé two-thirds quorum and three-quarters majority).

These restrictions are aimed at Swiss and foreign unwanted investors and predators alike. Having said that, the articles of a Swiss company can provide for the board to deny a purchaser access to the share register on the grounds that he is a foreigner. It is unclear whether this will still be possible following the revision of Swiss company law.

These features of Swiss company law attracted considerable attention in the UK a few years ago when Nestlé coveted and gobbled up Rowntree.

Many Swiss joined in the criticism of the shareholder unfriendly corporate scene. The President of the Swiss National Bank referred to the "hysteria" of certain Swiss companies in wanting to make themselves immune to takeovers by any means.

Technically, Swiss companies are not takeover proof. By just buying shares on the open market, one cannot secure share register entry and, therefore, take over a company. But nothing prevents an interested person from making a tender conditional upon the election of a new board allowing him entry in the register.

The bidder would ask for proxies. Any provision in the articles capping individual shareholding would be dealt with in the same way. Whether such a procedure would be considered as an unlawful circumvention of the board's responsibility is unclear. There is no case law on public tenders.

The Swiss banks, as members of the Association of Swiss Stock Exchanges, with their in-built interest in boosting share trading volumes have drawn up a takeover code, said to be largely inspired by UK takeover regulations and by the draft European takeover directive.

This takeover code became effective a year ago. It is a self regulatory system, establishing principles of fair conduct by a bidder, treating the target shareholders equally and allowing them to make an informed assessment of the merits of the offer.

The offer may be for part or all of the shares of the target company; if however the bidder manages to acquire the majority of the votes, he must extend his offer to all of the shares. If a bid succeeds, the duration of its validity must hold good for another 10 days in order to allow for any initially opposing shareholders to change their minds. The tender must be filed with a special commission, and a certificate of compliance with the code by a qualified accountancy firm.

The code does not apply to Swiss listed companies, it is binding only on the members of the Association of Swiss Stock Exchanges. These are the financial intermediaries to be reckoned with and, therefore, it is doubtful that anyone could successfully launch a takeover without complying with the code.

A few tenders bear the marks of the new code: in March, Royal Trust of Canada bought in those shares of its Zurich subsidiary still in public hands; in June, Credit Suisse made an exchange offer to the shareholders of Bank Leu and more recently Philip Morris, after striking a private deal with Mr Claus Jacobs, acquired all of the shares, participation certificates and option certificates of Jacobs Suchard.

Why is it that we have seen such low acquisition activity - domestic or cross border - in Switzerland, compared to that in other European countries? In 1989, Switzerland ranked last in Translink's statistics in terms of the estimate value of cross border transactions and little better in terms of the number of such deals. The answer is not in the laws and regulations, but in the Swiss system of corporate governance.

The practical relationships between Swiss corporations and investors does not, generally speaking, warrant takeovers, especially not hostile ones. It is estimated that about half all Swiss listed companies are in "firm hands", the remainder are very widespread. When Nestlé last year limited to 3 per cent the maximum holding of any single shareholder, no-one was affected. A great number of shares are deposited with Swiss banks, often in discretionary managed portfolios, and the banks have been in the habit of voting them by proxy to the board.

The banks' duty of diligence has been tightened, however, by a new set of related guidelines by the Swiss Bankers' Association. Pension funds are relatively new and their investments in stocks severely restricted. There has been a tradition of self financing or else of going to one's bankers, at interest rates which, until recently, were very low.

But things are changing. *Necéssité faisant loi*, and increasing number of Swiss companies are opening their share registers to foreigners – Nestlé, Rieter and Brown-Boveri for example. The move is largely prompted by the necessity of tapping the international capital markets.

Last year Zurich Insurance floated a SFr8000m warrant-bond with rights for existing holders of bearer shares and participation certificates (shares) to convert into registered stock; it could scarcely have placed an issue of that size on the domestic market.

In the recent tender by Philip Morris for Jacobs Suchard, the simple reservation with which the bid was greeted then turned into fierce opposition voiced by a number of bank depositories.

Before the public offer, Mr Claus Jacob sold his 28 per cent of the capital and 62 per cent of the votes at a substantial premium over the price offered for the publicly held shares. Nevertheless, the requirement of equal treatment of shareholders was deemed fulfilled and the bid cleared by the commission set up under the takeover code.

Several bankers did not see it this way. This seemed to be just one instance of growing resistance to the diktat of management and their close shareholders.

The Jacobs Suchard matter highlights a couple of shortcomings in the Swiss statutory framework not taken care of by the takeover code: anyone can creep into a company, buying, privately or on the exchange, any number of shares without any disclosure; and there is no obligation to make a full offer for anyone who has acquired control of a company other than through a public tender.

This points to the limit of self regulation. When Nestlé amended its articles last year, Mr Paul Jolles, chairman, could state that since Switzerland had no rules covering stock market transactions and takeover bids (it was before the takeover code), companies were left to fend for themselves.

Swiss companies must sort out their relations with shareholders. Secrecy and secure management lead to suspicion and entrenched business elites. Transparency and information are the ingredients of the required capability to adjust.

The author is a partner in the law firm of Froriep Renggli & Associes in Geneva.

NOW, A VAUXHALL CARLTON WITH DISCS ALL ROUND.

There are many cars in the same class as the Vauxhall Carlton.

We're talking, of course, about medium-price luxury saloons. (Very medium-price in our case, as we've currently frozen the price of all 1990 Carlton's.)

Yet in spite of the presence of BMW, Mercedes and the rest, only four in this section of the market are luxurious enough to come with compact disc players as standard.

One is an Alfa Romeo. Three are Vauxhalls.

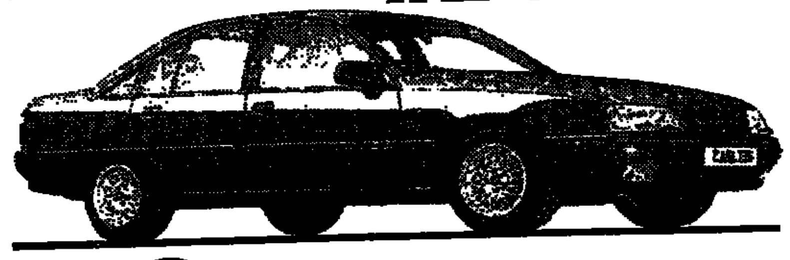
The Carlton GSi 3000. The Carlton CDX. And, of course, the Carlton CD (the only CD that's enough of a CD to have a CD).

The player fitted to the Carlton comes complete with all mod cons, including a cartridge load system that soaks up vibrations from the road.

And if most of your music collection is still in the form of records and tapes, don't worry.

The Carlton's music system includes a superb 6-speaker, 20 watts radio/cassette player.

On second thoughts, forget what we said in the first sentence. There aren't any other cars in the Carlton's class. THE CARLTON.



VAUXHALL

Once driven, forever smitten.

CAR SHOWN CARLTON CD SALOON, PRICE £17,345. PRICE INCLUDES CAR TAX AND VAT, BUT EXCLUDES DELIVERY AND NUMBER PLATES. PRICE IS CORRECT AT TIME OF GOING TO PRESS, AND INCLUDES ONE YEAR'S FREE MEMBERSHIP OF VAUXHALL ASSISTANCE, OUR UNIQUE RECOVERY AND ACCIDENT MANAGEMENT SERVICE. CD PLAYERS ARE FITTED AS STANDARD ON ALL CARLTON CD, CDX AND GSi MODELS. PERFORMANCE FIGURES BASED ON MANUFACTURER'S DATA. CARLTON IS COVERED BY VAUXHALL PRICE PROTECTION, WHICH GUARANTEES THAT THE PRICE YOU'RE QUOTED IS THE PRICE YOU PAY PROVIDED YOU AGREE TO TAKE DELIVERY WITHIN 3 MONTHS OF ORDER. FOR MORE INFORMATION CALL 0800 444 200

ARTS

The Seagull

ROYAL SHAKESPEARE THEATRE, STRATFORD

Alastair Muir

Susan Fleetwood and Simon Russell Beale

Chekhov explained himself clearly: "Let the things that happen onstage be just as complex and yet just as simple as they are in life." *The Seagull*, written when Chekhov was 36, achieves this by dramatising his life as a doctor, writer and landowner. It flopped spectacularly at the 1896 St Petersburg opening; but took wing after Stanislavsky revived it at the Moscow Art Theatre 1898, rehearsing for three months. The difficulty Chekhov presents to any director is clear: when is a speech the profound cry of an individual life, and when is it a bit of social banter? The director should make it both.

In this last production as RSC Artistic Director, Terry Hands brings Chekhov to the Swan for the first time. This theatre adapts well to Chekhov's stringent stage directions, although Hands places the penultimate act outdoors, passing up the opportunity for the claustrophobic indoors drama he shows so effectively in the last. His production follows Chekhov's vagaries of mood, mapped out by Michael Frayn's limber translation.

In a play where ironies and quiet desperations tiptoe over chaotic depths, the company gives a solid ensemble performance; all cope with lines that lead nowhere but the speaker's neurosis, and all fill the charged spaces that Chekhov puts between his characters in moments of absurdity or silence. The successful Chekhovian character is always adaptable; this goes for the actors who play Chekhov. So John Carlyle (Dorn, the doctor) deals sensitively both with the web-footed provincials in the shape of Cherry Morris' shrill Polina or Trevor Martin's grumpy Shamrayev, and also with Moscow literary society incarnate in the novelist Trigorin, very well played by Roger Allam, who makes the famous speech about the writer's life plainly compelling. The easy range of Allam and Carlyle are brilliantly complemented by Susan Fleetwood as the lustrous Arkadina. She gives the febrile actress enough energy and wit to make her a believable lover for the novelist and a harpy of a mother for her struggling son, Konstantin (Simon Russell Beale), "floundering in a chaos of dreams." Alfred Burke's weary Sorin relates tenderly to Konstantin and testily to everyone else: this is a fine piece of acting.

The excellence of Hands' direction in the final act, set in his 1890s interior, and the sureness and subtlety of the acting there, suggest that the preceding action could have been less disparate and more purposeful. While *The Seagull* lacks the dark awkwardness of *The Three Sisters* or the absurdities of *The Cherry Orchard*, it is a richer play than Hands' production allows. He makes the opening acts too obvious; he shows individuals desperate for the full joys and pains of life; but fails to show a social group falling short of a community in which communal events have a casual impact on the lives of the participants. The ideal situation is, Chekhov said, a dinner, where people are "having a meal at table, but at the same time their happiness is being created or their lives are being smashed up."

Andrew St George

CINEMA

'Twixt life and death

"This could be the last great frontier!" cries one of the five medical students in *Flatliners*. What is he referring to? Death: a state which the members of this cardiac-happy quintet mete out to each other through the film in dosages of varying length. First medically extinguishing and then reviving each other, they seek to discover what lies beyond. It may be oblivion. It may be a dream state. Or, as director Joel Schumacher and writer Peter Filardi opine, it may be a glimpse of the unatoned sins we have left behind on earth.

Hollywood, like America itself, is obsessed with frontiers. Scribble an original story idea on the back of an envelope and then stamp that envelope with the words "new frontier" and you will have a hundred producers baying for your signature. Filardi, one of the new breed of strike-it-rich scribes in Tinseltown, was paid $400,000 for his *Flatliners* script, probably on the grounds that it boldly goes where no other American film has gone before.

The trouble is that having boldly gone, it keeps returning to the same place to go all over again. Did ever a movie so repeat itself? Once fame-hungry group leader Kiefer Sutherland has taken the first plunge into oblivion, his heart monitor 'flatlining' as in near-death he rides the memory of a boy he once bullied and accidentally killed, the others must follow. As successive midnights strike in designer Eugenio Zanetti's derelict medical school stuffed with statues and religious murals – it looks as if it was dreamt up by Piranesi after a drunken night out with Michelangelo – pretty but repressed Julia Roberts, ladykiller William Baldwin and reformed racist Kevin Bacon take the Pentothal. They flirt with annihilation: they "flatline"; they dream their guilt-haunted dreams; they are then hammered back to life with the electric clamps.

If only the picture lived up to its premise. When I first saw the film on American cable TV, I thought it was a morbidly interesting idea in search of an audience. Seeing it on the large screen this week, it seems tamer and more trivial. Exercising its characters on a treadmill of moral betterment, it turns death the Great

FLATLINERS
Joel Schumacher

LOVE AT LARGE
Alan Rudolph

THE MAD MONKEY
Fernando Trueba

MY BLUE HEAVEN
Herbert Ross

A MAN ESCAPED
Robert Bresson

LONDON FILM FESTIVAL

Unknown into death the kindergarten tribunal. Instead of seeing our whole lives flash before us, all we will apparently see is playground incidents we never apologised for or old enemies saying "Naughty, naughty" from beyond the clouds. As so often when Hollywood imagines the unimaginable, the cosmic fast turns into the cosy.

*

At least one is clear about why *Flatliners* was made. It is what the industry calls a "high-concept" story. Its premise is so simple and original that a mogul's cigar will fall from his lips after just one sentence of the screenwriter's sales pitch.

High-concept films, for all their faults, know what they are about. Many movies today seem to lack the smallest inkling of this. Alan Rudolph's *Love At Large* takes a thriller plot, blends it with a romantic comedy and shakes it into one of those flavourless cocktails whose only impact on the drinker is the stickful of cherries which keeps stabbing him in the gums. Tom Berenger is the private eye, growling away as if he has been to the Damon Runyon School for Ten-Minute-Egg Detectives, and the plotful of dames includes Elizabeth Perkins (fellow gumshoe), Anne Archer (mystery seductress) and Annette O'Toole and Kate Capshaw (rival wives of a bigamous Mr Big).

All the players alike are discombobulated by the meandering story and the film's uncertainty over whether it is an old-fashioned genre picture or a parody of one. As *Choose Me* and Trouble In *Mind* showed, Rudolph has a talent for raising inconsequence to a high art and for razing his actors to a look of floored bewilderment.

In the even more bewildering *The Mad Monkey*, Spanish director Fernando Trueba acts as traffic policeman for a mixed-nation cast in an Anglo-French co-production. Miranda Richardson is the wheelchaired agent who signs up US screenwriter Jeff Goldblum and UK director Dexter Fletcher for an allegorical Euro-movie about evolution (sic). The idea is this: the mad monkey is the one who came down from the trees to turn into man the hunter, the sane monkey is the one who stayed aloft and ate bananas.

High concept or high hooey? Either way, Trueba's film about film-making is fogged by hyperventilating pretension when it is not being felled by an epidemic of subplots. Chief among these has Liza Walker as Fletcher's man-eating teenage sister who acts as a Venus fly-trap to all passing males. (This is no doubt a sexual perspective on evolution's survival-of-the-fittest law.) Like all films with little idea of where they are going, this one ends up going for broke: a climax in an underground morgue where corpses and acid tubs are wheeled on to try to thrill some life back into an audience fast flatlining into lethargy.

In such a week we can only be merciful and hurry you past *My Blue Heaven*, in which Steve Martin sports a quasi-Jonathan Ross wig and a Robert De Niro accent as a Mafioso who cuts up rough in his witness protection programme. Nora Ephron wrote the script. Director Herbert Ross vainly looks for a joke in it.

Willing as ever to offer my readers an audience protection programme, I must recommend Robert Bresson's 1956 A Man *Escaped*, revived at the Renoir. Black and white; spare French dialogue; no gimmicks. Just the truth-based tale of an imprisoned French resistance fighter, whose break for the light in 1940s Lyon is lent a religious intensity by Bresson's devotion to details of human gesture and expression. Masterly.

Kevin Bacon and Julia Roberts in 'Flatliners'

Now, gird up your stamina, take your annual eye-test and prepare for the 34th London Film Festival, beginning this week. Once more we are startled by the size of the programme and programme brochure, which both expand each year. This year the first is over 200 films strong and the second is thick enough to use in a Hatton Garde smash-and-grab raid.

Indeed the LFF has become so large of late that almost anything edged with sprocket-holes seems able to get into it. I doubt that this would be applauded by the festival's dedicatee Michael Powell. There he is on the booklet's back cover, the late master of *The Red Shoes* and *Peeping Tom*, smiling and throwing his hat in the air. He is no doubt amused at the irony whereby a nation that can barely muster enough investment to make half-a-dozen feature films a year can somehow recruit enough sponsors to fund a shop window for everyone else's films.

So here are the movies, courtesy of American Airlines, Jim Beam bourbon, Janneau Grand Armagnac, Cathay Pacific and many more generous patrons. Some weeks ago, I named a Top Ten Films for festival visitors. Moving from wide to close shot, may I now guide you through the first week? Must-sees include Idrissa Ouedraogo's *Tilai* from Burkina Faso, a sexual melodrama of proud visuals and Racinian grace (Saturday 8.45.); the Hungarian film *Shooting Gallery* (Sunday 2.00), a searing truth-based murder story; Germany's *The Nasty Girl*, a nasty-hilarious tale of historical cover-up and the Nazis in our midst (Sunday 8.45.); and for style more than substance, China's *Ju Dou* (Monday 2.30.), a fiery love story shot in flaming hues by the director of *Red Sorghum*.

Curios and collector's pieces include Fellini's quirky, talkative *The Voice Of The Moon*, the German documentary My *Private War* (life on the Russian front remembered on amateur film) and, among movies battling for Britain, two Tony Palmer films. Of these one is a documentary feature about *Menuhin* and the other is a whimsical fiction starring Ben Kingsley and Kim Novak as the oddest romantic pairing since Dustin Hoffman and Vanessa Redgrave. (You recall them dancing together, his nose to her throat, in *Agatha*).

Other attractive-looking contenders unseen by me: Francesco Rosi's *To Forget Palermo*, Mike Leigh's *Life Is Sweet* and Satyajit Ray's *Branches Of The Tree*. Tickets from the National Film Theatre. Happy viewing.

Nigel Andrews

'Rusalka' in Seattle

Audiences in London have been accustomed to view *Rusalka* at an unusual slant. When English National Opera mounted Dvorak's opera, it became the story of a young girl facing the problems of adolescence in her Victorian nursery. By general agreement the production was a success and only a few voices were raised against it, saying that Dvorak's water-nymph and her sisters really belonged in the enchanted forest where they had been born.

In the US the opera has had no recent history of production. Seattle Opera has now determined to change that and its new *Rusalka* will go on to Houston Opera, where it is a co-production, and then possibly to other cities. In the circumstances it was thought best to present the work in the fairytale style that the composer intended and there can be few people who will have regretted that decision, when they saw the ravishingly beautiful sights put before them.

The curtains parted to reveal a naturalistic scene on a cinematic scale. The designer Günther Schneider-Siemssen has always been known as a master painter of romantic woodlands and here he was in his element, giving us a forest clearing where mists swirled around a silver lake, a picture book scene at once magical and mysterious, alluring and sinister. No matter how long one looked at the stage, there always seemed to be more wonders of lighting and atmosphere to behold.

Indeed, the forest almost became a player in the drama, subtly colouring and reacting to events, so that one appreciated how important the natural setting is to *Rusalka*; but, conversely, the leading characters on this occasion were drawn with less immediacy. Perhaps Schneider-Siemssen is happier in the role of designer than as producer, where he had to deal with human beings.

It would certainly be difficult to imagine a better all-round cast for this opera. The soprano Renee Fleming was given a positive reception when she appeared in the Royal Opera's *Médée* last season. As *Rusalka*, she was near perfection, unaffected and moving, the voice clear and free, able to pour into Dvorak's long lines a flow of tone that never seemed in any danger of running dry.

Her Prince was Ben Heppner, who sang with an admirable cleanness and sensitivity, though he could have afforded to let himself go more. There is a grand passion in the last duet to which he hardly began to aspire. Ealynn Voss was the Foreign Princess, strong in voice, benevolent in spirit, and Sheila Nadler an amusingly wicked witch Jezibaba. With Richard Van Allan as the Water Sprite, repeating his role from London, and a fine supporting pair in Susan Graham as the Kitchen Boy and Paul Gudas as the Gamekeeper, Seattle had a cast without a weak link.

After Mark Elder's conducting of the opera in London, Bruce Ferden was more relaxed, allowing us time to savour the romantic colours of Dvorak's orchestra, but risking indulgence at some favourite moment. Ideally the final act would see conductor and producer working harder to build the drama to a more intense climax; but everything on stage was so mesmerising, so hauntingly lovely in every way, that the senses had already succumbed long before. This was a special evening, even by the standards of an international house.

Finally a note from San Francisco. Into an otherwise disappointing revival of *Ballo in maschera*, poorly conducted and with hideous old sets, stepped an unexpected saviour in the form of Deborah Voigt, who took over at the last moment from the advertised soprano. With her bright, gleaming voice this young singer made a fearless and often exciting Amelia. After nurturing Voigt in her student days as an Adler Fellow, San Francisco is well poised now to reap the benefit.

Richard Fairman

London Sinfonietta

QUEEN ELIZABETH HALL

Since the death of Michael Vyner last year the London Sinfonietta has inevitably required a period of reorientation. The planning of last season's events were shared between Vyner and Paul Crossley, who has continued as artistic director; the new South Bank series is presumably the shape of things to come. It is proving a curious mixture – the Benjamin-based programme last week, the Sinfonietta Voices selection on Sunday and, on Tuesday, a thoroughly depressing ragbag of premières and British first performances.

That three of these new works should have been Sinfonietta commissions only added to the gloom. One criticised the previous regime for the narrowness of its programme-building, for sticking to the "big names" in music since 1945 and admitting only a small cadre of younger composers, but that attitude at least imposed quality control; now, in trying to be open-minded, any sense of shape or cohesion is lost. What was the point, for instance, in giving the belated UK première of *Ison*, a 1973 piece by the 63-year-old Romanian Stefan Niculescu, particularly when it proved to be only a faded example of the Ligeti-like melodic weaving that was the European *lingua franca* of the time? Why too *Die Zeit ist ein Fluss ohne Ufer*, subtitled "6 x Chagall for 10 instruments" by the (East) German Bernd Franke (born 1959) in such a heterogeneous programme as this, when its strange coagulation of Berg, Eisler and Ives might have made more sense given some kind of context?

Of the three commissions Martin Butler's *Jazz Machines*, a tricksy little essay in systems knitting, breaking out into bebop solos and duets, was by a long way the most accomplished and least pretentious. Geoffrey King's *Magritte Weather* was the winner of the booby prize in both those categories. His overlong suite of "episodes", never settling to a single idiom for more than a few bars seemed to suggest that a composer of disciplined conciseness in his earlier works has lost his way.

Pawel Syzmanski's *quasi una sinfonietta* romped along on a metronomic rhythm and a mélange of classical tags, twisting them into new shapes and perspectives *à la* Schnittke, before changing tack and becalming itself in a series of tam-tam crashes from which the music barely recovers. It was sometimes trivial, and always infuriating, and must have been extremely difficult to bring off. Conducted by the impressive Arturo Tamayo, the Sinfonietta managed it all with their increasingly dour efficiency.

Andrew Clements

Stand Up America

QUEENS THEATRE

Storming off or staying on: stand-up comedians in this six-week festival of American comedy have now used both techniques on unsympathetic West End audiences. Last week it was Sean Keane with Method One; on Monday, Pat Cooper tried Method Two. This was fascinating, particularly because one sensed that Cooper should have been better-equipped than most club stand-ups to cope with the echoing open spaces of the Queens Theatre.

Cooper, 61, and Freddie Roman, who carries the first half of this week's show, look as though they are used to the Vegas glitz of large venues. They are professionals of the old school. They wear black tie and dinner jackets. They promenade about the stage. They smile at their own jokes. By contrast, young Jack Dee, the excellent British stand-up hosting the week, is at the deadest end of deadpan humour. Rooted to the microphone-stand in plain jacket and tie, his act looks as though it has grown up in venues too small for a walkabout routine to evolve.

Freddie Roman (53 and of Jewish extraction – "53 years ago I was extracted from a Jew") looks and even sounds a bit like a fuller-faced New York version of Dave Allen. Where Allen tells jokes about Catholics and has only 9½ fingers, Roman tells jokes about Jews (and about blacks, Greeks, Poles, Italians and Irish), and limps. His routine is gentle, well-paced and increasingly funny, building up to a final winning volley of ethnic jokes.

Cooper seems to be in the same mould – his patter is faster, it is Italian-American rather than Jewish, but it too works a vein of keen domestic observation. But on Monday, although the audience had been expertly warmed by a combination of Dee and half-time drinks, they did not take to this. "I never thought my career would end in a foreign country," lamented Cooper. He stopped promenading, came to the front of the stage, planted his feet well apart and told us this was war. He had thought this would be a pushover audience, because we had laughed at Jack Dee's routine, which he didn't understand. Now Cooper was going to punish us; he was going to stay and *make* us remember him: "This place was bombed many years ago. I am bombing it again tonight."

Roman and Dee will be appearing until November 10. Whether Cooper joins the show for the rest of the week is a different matter: he vowed on Monday that he would be booking himself on the next plane back to the US.

Andrew Hill

ARTS GUIDE

November 2-8

EXHIBITIONS

London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has opened in London sending reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).

Hayward Gallery. Eduardo Chillida. Major retrospective of the Spanish sculptor (261 0127).

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.

Musée Marmottan. Goya. Monet's museum plays host to four cycles of 218 engravings by Goya on loan from the Fundacion Juan Marcha. There are masterful renderings of bull-fights, of lecherous men ogling young beauties abetted by harridans, there are monsters born from Goya's nightmarish imagination and – quite contemporary in their brutality – scenes of war and repression. 2, rue Louis-Boilly. Closed Mon (42240702).

Galerie du Carrousel. 19th century French masters. There are some remarkable small bronzes by Degas and Daumier, there are two or three oils, but the speciality of this small left-bank gallery remain drawings by the Ecole de Barbizon. Precursors of the impressionists, the Barbizon painters discarded both academic conventions and romantic dramatisation in favour of a simple, realistic vision of nature. 11, quai Voltaire (42611075). Closed Sun and Mon.

Grand Palais. Picasso. A portrait of Jacqueline Picasso with her hands crossed round her knees is the symbol and the central point of an exhibition of 47 paintings, two sculptures, 40 drawings, 24 sketchbooks, 19 ceramics and 247 engravings and lithographs which have come to enrich, in lieu of death duties, the French national collections. The exhibition begins with the blue period and ends with the obsessive erotic works of Picasso's last 10 years. A period whose importance has only recently been recognised. Closed Tue, Wed late closing, ends January 14.

Musée Rodin. Delightful 18th century town house - Hotel Biron - contains the life work of Auguste Rodin, who opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac defies time. Closed Tue.

Brussels

Musée d'Ixelles. L'Impressionisme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expressionists, others such as Claus, Stobbaerts, Wouters have a distinct and increasingly valued style of their own. Closed Mondays ends December 16.

Galerie de la CGER. The Belgian Dynasty and Belgium's cultural Development. daily, ends January 30.

Palais des Beaux-Arts. 5 million years: The Human Adventure. Man's evolution seen through 200 Paleontological exhibits. Daily ends December 30.

Madrid

Fundacion Juan March. Cars, Andy Warhol's unfinished series of car drawings and paintings, commissioned by Daimler-Benz on the centenary of the invention of the automobile, are now on view at the foundation on loan from Daimler-Benz in Stuttgart. Ends January.

The Cambo Legacy. Francesc Cambo, Catalan financier and politician, was also the owner of a magnificent private collection of paintings, built up between 1927 and the Spanish civil war. Intended from the beginning to eventually enrich the collections of the Prado and Museo de Cataluna and to fill in their artistic gaps, paying particular attention to Italian renaissance art: Botticelli, Titian, Tintoretto, Verones, Sebastiano del Piombo, Perugino, Goya, el Greco, Zurbaran, Rubens. Museo del Prado. Ends December.

Barcelona

Modernism: comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its different aspects: including painting, posters, jewelry, furniture, stained glass, wrought iron and ceramics. Many of the items on show belong to private collections and have never been publicly exhibited before, others are museum pieces which have been specially restored for the occasion. An additional suggestion would be to walk around Barcelona's modernist area in order to admire some of its most important modernist facades. Museo de arte Moderno. Ends December 20.

Rome

Palazzo Degli Esposizioni: Norman Rockwell. Oils, watercolours and sketches from the years 1915 to 1972 by a remarakable artist, who for over 40 years designed the front coverfor the high-circulation Saturday Evening Post (over 3m copiesin the early 1950s), whose name has become synonymous with an ultra-realistic style mixed with nostalgia. His works are sentimental but endearing, totally unpretentious, full of humour and above all a genuine affection for his subjects. In spite of having worked all through the Second World War, his hatred of violence neant that his soldiers are never shown in combat, and his 1963 The Problem we all Live With, removes the bitterness even from racism. Ends November 11.

Venice

Palazzo Grassi. From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a truly delightful canter through modern art from the late 1870s onwards. Ends December 9.

Bologna

Pinacoteca Nazionale. Giuseppe Maria Crespi (1665-1747). Over 100 works by a late-flowering baroque painter, born in Bologna, whose works are now considered on a par with his distinguished predecessor, Guido Reni. Ends November 10.

Düsseldorf

Augsburg, Kunstverein, Toskanische Saeulenhalle, Zeugplatz 4. Around 100 paintings, lithographs, engravings by the Spanish painter Antoni Taeples, born in 1923, covering the last 10 years are to be seen until November 11.

Dresden

Albertinum, Georg-Treu-Platz 1. Some 350 works by 170 artists who were expelled by East Germany during 1949-1989. This presentation aims to explain the difficulties of working under the communist dictatorship. Ends December 2.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Until November 25.

Frankfurt

Staedel museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. Staedel, Schaumainkai 63. Ends January.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends January 6.

Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.

Chicago

Art Institute. One of Chicago's most noted conteporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.

Tokyo

Masterpieces of Japanese Art. This selection of 250 major works has been drawn together to mark the accession of the new Emperor. It includes rarely seen pieces from the Shosoin Treasurehouse in Nara, the Horyuji Temple, the Imperial Household collection and elsewhere. National Museum. Closed Mondays.

Hara Annual 10. Since its establishment ten years ago, this museum has held an annual show of young and emerging Japanese artists: an opportunity to observe new developments and directions in Japanese art. Hara Museum.

SALEROOM

Fight over 'Schoolgirl'

Talk is of gloom and doom in the auction houses with experts muttering "much as we expected" as sales in previously booming markets chalk up yet another unsold rate of around 40 per cent. New York launched its high-profile contemporary season on Tuesday night at Sotheby's, and the story was much the same.

A string of artists whose work has appreciated greatly in value over the last two years were left stranded at the rostrum: Johns, Lichtenstein, de Kooning, Schnabel . . . The star lot, Robert Rauschenberg's 1961 "Third Time Painting", was sold on target but only after the published estimate – and presumably the reserve – was dropped a thousand dollars. It passed to a European private collector for $3.8m (£1,560,283), as did Brice Marden's stark "Moon I" for $880,000 (£445,795).

Warhol's first self-portrait failed to raise sufficient interest. Dubuffet, however, seems to reign unscathed as the market darling. A Chicago dealer paid $2.64m for his 1961 "Maison Fondée" and $2.255m for his 1954 "Vache au Pre", off the market for 20 years. Cy Twombly's "Untitled" of 1967 found a buyer just below the estimate at $1.98m, and modest records were set for both Terry Winters and Josef Albers. The market correction continues.

The trade kept a conspicuously low profile, and much of the bidding came from private American collectors. The sale totalled $19,841,250, just over £10m, with 42 per cent unsold.

There was a slightly more optimistic mood – if not result – at Sotheby's carefully pruned sale of Modern British and Irish art in London yesterday, not surprising perhaps after Phillips' massive 77 per cent unsold on Tuesday. Four or five contenders fought for Sir George Clausen's delightful and only recently rediscovered "Schoolgirl". In the end she went to London dealer Robert Holden for a record £137,500, triple the estimate and the last auction record.

Yeats and Lowry held their own, the latter's "Beach Scene" going for £101,200. Again, the expensive pictures were the casualties, while those in the £5,000-30,000 bracket went well. It is hoped that the two failed Spencers and the marvellous, maverick "Landscape at Knappagh Farm" by John Luke will be sold after the sale.

The auction totalled £1,482,415, with a "much as we expected" 44 per cent bought in.

Susan Moore

هكذا من الأصل

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Thursday November 8 1990

India on the brink of chaos

INDIA HAS faced difficult crises before. But the combination of religious and caste disputes, factional instability and economic disarray which has led to the government's fall puts the very basis of the state into question. Can a country poorer than Kenya, though with more people than in Europe plus North America, remain a democracy? Can a sub-continent divided by religion, language and regional loyalty stay united? Can a society shaken by economic and social change remain stable?

Whatever may prove possible, there is no doubt about what is desirable. India must continue to deserve its title as "the world's largest democracy". The country is both too vast and too diverse to be maintained without the consent of the governed. Yet maintained it must be. The agony of partition in 1947 and the subsequent fate of Pakistan suggest that the disintegration of democratic, secular India would visit ruin on millions.

Nevertheless, India's problems are daunting. The immediate cause of Mr V.P. Singh's difficulties was the challenge mounted by Hindu fundamentalists to Indian secularism. Encouraged by Mr L.K. Advani. the leader of the radical Hindu BJP party, the fundamentalists decided to construct a Hindu temple on the site of a mosque in northern India. Quite rightly, Mr Singh had Mr Advani arrested, whereupon the BJP withdrew support from his government.

Lower caste backlash

Meanwhile, separatist movements – most obviously in Keshmir, Punjab and Assam – are tugging at national unity. In the north farmers, the lower castes and the poor are seeking to wrest positions of power and patronage from the upper caste minority. Mr Singh tried to exploit this attempt, by offering these groups a job reservation programme aimed at widening their opportunities in government service. But he underestimated the backlash from the urban middle class and college students.

Quite apart from these developments, recent practice has belied India's reputation for careful macro-economic management. Economic liberalisation increased economic growth during the 1980s, but was accompanied by fiscal and balance of payments deficits. Following the Gulf crisis, India's current account deficit will widen to about $10bn this year. Little wonder then that India is finding that commercial banks no longer wish to lend.

Fragility

All these problems have been affected by – and have, in turn, increased – the fragility of Indian politics. "Anything, but Gandhi" may have been enough to form the V.P. Singh government, but it has not been enough to sustain it.

An early election will do little to resolve all these problems and, in the current climate of violence and unrest, is more likely to increase them. Something more creative is needed. A broad government should be formed, though one that excludes the Hindu fundamentalists. That government should attempt three tasks: to contain the challenge from fundamentalism, resolve India's looming economic crisis and initiate constitutional reform.

India's government has long been been too centralised. As the Soviet Union has learned to its cost, such centralisation is economically inefficient and politically destabilising. A country as vast as India can be sustained only on the basis of a loose federalism and a market economy.

None the less, a focused central authority is also required. As in the US, a directly elected executive president may be the best solution. Only thus will India's leader escape from dependence on what has been – ever since the collapse of the old Congress party – a fractious and factious legislature.

The minority government that is now expected to form will be unable to meet these challenges. Indeed, in his inclinations towards socialist populism, Mr Chandra Shekhar will exacerbate much that is already wrong with the Indian economy. The country needs a new, more market-oriented economic policy, not a return to outworn shiboleths. But it also needs a new constitutional settlement, not politics as usual. Politicians who cherish India's secular democracy must rise above that game. If they fail to do so, a state that has provided tolerable democracy and reasonable stability to almost a fifth of the world's population may, in the end, cease to provide either.

Radicalism put on hold

MRS Margaret Thatcher's radicalism is on hold, as indeed it has to be until the electorate decides whether or not there is to be a fourth term for the Conservatives, with her as prime minister. That decision will depend more upon the state of the economy next year than on any particularity of domestic policy. It is for this reason that the Queen's Speech, read yesterday, is of less electoral significance than the chancellor's Autumn Statement today. The principal themes that mark the speech – transport, crime and the family – will no doubt be reflected in the Conservatives' election manifesto. They are of concern to ordinary people, but, as a basis for fresh legislation, they do not further the strategies for revitalising the British economy that so marked the earlier years of the Thatcher revolution.

This perception will be one ingredient in the minds of Conservative backbenchers as they reflect today on the likely course of the economy over the year and a half left before an election must be held, and the likely course of politics in the light of the by-election results due tomorrow. When all these elements are before them they will be in a position to decide whether it is time to close ranks behind the prime minister. If they do not, the atmosphere may then seem safe for serious potential challengers for the leadership move. Until that happens, and there is an actual candidate, talk of a leadership election is speculation.

Important defect

Meanwhile, the details of the speech merit inspection. The five transport bills deal with reckless driving, over-parking, privately-financed roads and some marginal measures of privatisation, including a plan for the 60 trust ports. There is little to cavil at, although there will be specific points of difference as the bills come forward. The package is certainly defective in one important respect. It does not begin to tackle the real problems of congestion. A truly radical, free-market minded government would achieve this by the introduction of road pricing. This has been funked. Again, although public spending on the railways and the London underground is increasing, government could be doing more to ensure that existing investment in public transport is being managed effectively.

Particular vulnerability

Labour's position on road pricing has yet to be made clear. Beyond that, transport will remain a party political battleground; if so, the Conservatives are particularly vulnerable. The leader of the opposition did, however, make sympathetic noises about the government's proposed measures to combat rising crime. The new criminal justice bill is expected to allow the gradual phasing out of custodial sentences for lesser crimes, but increase penalties – and actual sentences served – for the worst crimes of violence. It should command widespread support. There can be no rational opposition to the bills to collect maintenance for children from absconding parents, although allowance must be made for frightened young women too scared to name the father. This will be the task of the new child support agency.

Such day-to-day matters apart, the main interest of yesterday's debate on the speech lay in the performance of the prime minister at the despatch box. It suggested that whatever else others may be saying, she herself intends to fight for her leadership and fight for a Tory victory at the next general election. She gave a clear outline of government policy on the forthcoming negotiations over European economic, monetary and political union; it represented a middle-of-the-road position within the Conservative party. That will do for party unity for the moment. Whether it will last will depend in part on her colleagues' perceptions of whether a year of low-key hard slog is possible to maintain and, if it is, whether they really believe that that will be sufficient to enable them to proclaim that the government deserves a fourth term.

Peter Riddell and Lionel Barber on what voters think is wrong in the US

Grassroots blues at mid-term

The US mid-term election results offer little comfort to either President George Bush and his Republicans or to the Democratic leaders of Congress. Neither can claim a clear mandate. This promises a protracted and confused battle between the White House and Congress in the run-up to the 1992 presidential elections.

For the immediate future Mr Bush knows voters have not given him a blank cheque on the Gulf crisis, which was hardly mentioned by candidates. The president has yet to prepare the American public for possible military action.

On the surface, the political landscape of Washington was hardly changed by Tuesday's mid-term elections – a one seat gain for the Democrats in the Senate and an advance of about eight seats in the House of Representatives. As the Republicans were pointing out yesterday, this is well below the average mid-term loss for a party in control of the White House. But the Republicans started from a low base.

Yet beneath the ground there were shock waves of voter dissatisfaction about the way the government is being run and about the short-term economic outlook. The US electorate is worried about standards of education, health care, a crumbling infrastructure and rising violent crime rates. Almost three in four Americans believe the country is heading in the wrong direction.

Voter anger was aimed at state governors, who are mainly responsible for providing public services. The party which controls a state governorship will have a big say this year in changes in the state's electoral boundaries, and hence in who wins House seats.

Incumbent governors of both parties lost on Tuesday. Those blamed for raising taxes and for weakening local economies paid the penalty – notably in Rhode Island, Michigan, Kansas and Florida. Voter outrage over state tax increases was responsible for an unexpectedly close race in New Jersey where Senator Bill Bradley, a Democratic presidential hopeful, barely scraped home.

Those challengers able to portray themselves as anti-establishment and against big money politics generally did well – such as Democrat Lawton Chiles in Florida and two independents, Wally Hickel in Alaska and Lowell Weicker in Connecticut.

All three were, however, familiar, and reassuring, faces in their states, having previously held office. But political newcomers, such as cowboy businessman Clayton Williams in Texas and university president John Silber in Massachusetts lost their early strong appeal and ended up frightening voters.

Voter frustration was mixed with caution. People were reluctant to take risks, either with candidates or with propositions on the ballot paper which threaten too radical a change. In California the "Big Green" proposal to impose tight environmental standards was defeated. Similarly, proposals sharply to reduce tax levels – implying a big cut in services – were rejected in several states.

Voters were fearful about the impact of the coming recession and looked to experience. Talk of "throwing the rascals out" was largely empty rhetoric. The widely forecast anti-Washington mood was translated into support for the incumbent – 96 per cent of whom were returned in both the Senate and the House.

Moreover, most incumbents enjoyed a big advantage in fund-raising over their challengers. In many cases they were unopposed and in the vast majority they did not face serious competition. The lopsided nature of most Congressional contests – and the resulting 36-year-long Democratic domination of the House – has fuelled Republican backing for limits on terms for elected officials. Such proposals gained support in California and Colorado.

The main upsets occurred either where the challenger was unusually well financed or, more often, where the incumbent was tainted by scandal. In Minnesota, the sole Senate seat to change hands, incumbent Republican Rudy Boschwitz was dragged down by divisions in the state party.

Even though most incumbents were returned, they have little room for complacency. Congressional leaders know they will have to respond to voters' worries about the economy. The next session is likely to be dominated by action to pull the US economy out of recession. Depending on the outcome of the Uruguay Round talks on global liberalisation of trade, fears of a loss of American jobs will fuel renewed demands for protectionism – so far held off by the Bush administration.

A larger question for the Democrats, despite their increased hold on Congress, is whether they have found a unifying theme to deliver the real prize – regaining the White House. The evidence is mixed. In California, Mrs Dianne Feinstein, former mayor of San Francisco, almost won by emphasising the problems of ordinary Americans such as education, health care and violent crime.

However, most strong Democratic candidates fudged on whether to raise taxes. All Democratic – as well as Republican – candidates in close races distanced themselves from the tax-raising national budget. Voters may be uneasy about the legacy of the Reagan era – a widening gap between rich and poor and deteriorating public services – but they are not yet ready to reject the tax-cutting philosophy of the 1980s. They want it both ways – and politicians have to behave accordingly.

The Republican Party faces cracks in the coalition of traditional Republican better-off voters and new supporters in the 18-to-35 age group and among blue-collar workers which President Ronald Reagan created in the early 1980s and from which Mr Bush benefited in 1988. More than a third of Bush voters in Florida and Texas two years ago switched on Tuesday to backing a Democratic candidate for governor.

The question is whether the Republicans can retain these so-called Reagan Democrats. The polls show that these voters are anxious about falling living standards. In North Carolina, conservative Republican Senator Jesse Helms defeated Mr Harvey Gantt, a black Democrat, by exploiting the fears of white voters. His television advertising focused on the threat both to jobs from quotas allegedly favouring blacks and minorities and to what he called "North Carolina values" from his opponent's alleged support for "mandatory gay rights".

Unlike in most states, where better-off voters are more likely to vote Republican, Senator Helms' strongest support was among less well-off, less educated whites fearful of losing their jobs to blacks.

The dilemma for Republicans nationally is that this type of appeal is totally incompatible with Mr Bush's professed desire for "a kinder, gentler nation".

No one has emerged with a clear advantage for 1992 and no Democratic challenger has yet formally declared himself as a presidential candidate. The immediate focus will be on the partisan rivalry between the Republican White House and the Democratic-run Congress. So far this has been largely a recipe for stalemate unless the two sides compromise, as they did over new clean air legislation and, eventually, on the budget.

President Bush has until now successfully used his veto 16 times to blunt or defeat Democratic legislation and Republican advisers were yesterday urging him to use his veto power to sharpen party differences in the run-up to 1992.

President Bush remains assured of easy renomination. But his party has been deeply divided by the budget battles. The end of the Cold War and Mr Bush's willingness to abandon his "no new taxes" pledge of 1988 have robbed Republicans of the distinctive identity which underpinned their successes of the 1980s.

Only a few months ago Mr Bush seemed certain of re-election in two years. But his previously very high approval rating has dropped sharply and he is now vulnerable.

American voters delivered a warning on Tuesday. They do not want to be taken for granted. The message of the mid-term elections is that they are worried about their own and their country's prospects. This time their frustration was limited largely to state houses. In 1992 it could be the White House.

BOOK REVIEW

Long march to disillusion

A Higher Kind of Loyalty: A Memoir
By Liu Binyan
Methuen £16.99, 294 pages

Seventeen months after the People's Liberation Army shot down hundreds of unarmed citizens in the streets of Peking, the west – and notably Britain – has begun to draw a veil over the bloody episode. There is again in the air a feeling that the average Chinese minds repression less than would someone in the west. The Chinese do not feel the need for personal freedoms, goes the argument; they are used to an authoritarian system and anyway, privilege and corruption have existed in China since time immemorial.

Liu Binyan's autobiography explodes that comfortable theory. Liu – a leading journalist who spent all his life in China but became an inadvertent exile in the US when he found himself there during the Tiananmen demonstrations last year – makes it clear that the Chinese suffer no less than others under a system which corrupts and destroys. It is true that intellectuals such as Liu were particularly victimised by Mao Zedong, communist China's founding father, but millions of peasants and workers suffered too. The book surveys cruel injustices – the tip of a huge iceberg – which Liu personally investigated in the years 1979-89. These ruined the lives of thousands of poor and lowly people.

This was during the decade of China's reform, when Maoism was discarded and some leaders encouraged more lively journalism. Liu over-interpreted the amount of freedom available, which led to his dismissal from the party in 1987, but he was able to publish dozens of cases where people had been trapped in a web of illogicality and corruption which Kafka would have been proud to have invented.

Consider the case of Guo Jianying, an unimportant man who, during China's civil war in 1946, borrowed money to lend to some distressed communist troops. He was given an IOU and in 1949, after the communists came to power, tried to redeem it. In many similar cases the party did, in fact, pay up, but to Guo they said: "Do you mean to say the party is in *your* debt?" Later they argued that if he had been rich enough to lend money, he must have been a capitalist.

Guo was punished accordingly. When finally, after nearly 40 years of poverty and ill-treatment accorded to the whole family, a senior party leader ordered the local branch (which had appropriated all his belongings) to clear up the matter, Guo was abused and manhandled and his daughter locked up.

Liu Binyan's own story is hardly less distressing. Of course, there are today plenty of horror stories of violent death, families destroyed and futures ruined as a consequence of the 1950s "anti-rightist movement" and the 1960s Cultural Revolution. Like many other unwitting "rightist" intellectuals, Liu endured 22 years of internal exile, humiliation and hardship.

But Liu's case is particularly illuminating. He began his career saying to himself: "Save your love and sympathy for the entire working class, rather than wasting it on individual suffering; beware of the words of any individual, but have absolute faith in the party." In the 1950s he believed that wrongs could be righted. This book chronicles his gradual understanding that the party was totally corrupt and moreover was corrupting huge numbers of ordinary people.

This process was hastened by the 1966-69 Cultural Revolution. Reflecting on the mass killing of the factional fighting, he asks: "How was it that these young people, who had never seen a fascist face to face or gone through a war, could be so ruthless? There was only one answer, [that it was] the cumulative result of all the indoctrination and practice of class struggle that had been conducted since 1949." Later, condemned to re-education in a "May 7 Cadre School", he observes how even in that narrow world he could feel how "the pernicious political struggles had released all the baseness in human nature".

In the 1970s and 1980s, so hopeful-seeming where economic reform was concerned, things grew no better. "China seemed like a monstrous mill, continually rolling, crushing all individuality out of the Chinese character", he writes. The net result was to make a virtue of hypocrisy in which a conspiracy of silence emerged between the political climbers and their passive stepping stones.

Is he right? Probably. Even to many visiting foreigners, the Chinese in these last years have seemed like a nation of yes-men, bowing to the winds from Peking, making a buck for themselves when opportunity presented itself. Mao destroyed traditional morality, and the party's cynicism has destroyed its ideology.

How much of this did Tiananmen change? Everything, Liu believes. It was the "end of the Chinese people's adolescence . . . They are no longer waiting to be liberated, they are ready to liberate themselves".

Again, is he right? In a year or two, perhaps less, mortality will end the stranglehold on power exerted by the octogenarian leaders who won the civil war 40 years ago. When younger (but not necessarily more enlightened) leaders take over, will anyone risk their lives on the streets again to ensure some political freedoms, as Liu believes? Wait and see.

Colina MacDougall

Christie takes to Guinness

■ Guinness yesterday appointed Campbell Christie, aged 53, general secretary of the Scottish Trades Union Congress, to its board.

That is remarkable, not just because he is one of the very few trade union officials ever to grace the boardroom of a public company, but also because of Guinness's past unhappy relations with the Scots.

Campbell Christie, a short, podgy figure with a cheerful smile, may look like a traditional trade unionist but he commands more respect among businessmen and Conservative politicians than his counterparts at the TUC in London.

Although he is on the left wing of the trade union movement, he is a pragmatist who takes part in everything that he believes will help the slender Scottish economy. While campaigning against the poll tax, for instance, he backs Scottish Enterprise, the Tories' plan for replacing the Scottish Development Agency.

But he also wants to see the creation of a strong, devolved Scottish parliament which would have the power to take companies into public ownership. He would like it to be able to make planning agreements with important sectors of Scottish industry – including whisky.

Guinness offended almost every Scot when the company, led by Ernest Saunders, reneged on promises to Scotland during the takeover of Distillers. Christie quickly became a healing influence in relations between Scotland and the company. Guinness did not move its headquarters to Scotland. But it has made big investments north of the border.

Guinness insists that neither Scotland nor trade unionism had anything to do with Christie's appointment. "People in the company who've dealt with Campbell Christie over the past four years have come to respect his personal qualities, his judgment, and his breadth of vision," says an executive, Bill Spears.

OBSERVER

Call up

■ I say, and I will brook no dissension on this matter, that it is the right of every UK citizen to be within daily earshot of The Archers - the BBC's everyday story of country folk in the village of Ambridge.

By some quirk of planning the drama is not being transmitted on the BBC World Service. It is being sorely missed by the British forces in the Gulf.

Margaret Thatcher can put things right as soon as she has read this by picking up her telephone and calling Marmaduke Hussey, chairman of the BBC. They both know the World Service is wholly funded by a government grant-in-aid.

It so happens that this afternoon the size of the grant for the next three years is to be revealed in the chancellor's Autumn Statement. Let us hope that John Major will be told to add a mite for sending the Archers on desert service.

Bank raid

■ Howard Hyman, head of European corporate finance at Price Waterhouse (PW), is typical of the younger partners thrusting their way into the upper echelons of the big accountancy firms.

His credentials as a financial adviser are that he has built up a privatisation practice for PW. He wants to prove that PW can do anything in the corporate finance field that a merchant bank can do.

But he has run into problems with the electricity privatisation. He has been circulating press releases explaining PW's role as "joint lead adviser" to the 12 regional electricity companies, along with Rothschilds merchant bank.

Nowe it appears that PW is not getting the recognition it had hoped for. In the list of advisers in the draft electricity prospectus the firm is described as "accounting advisers to the RECs". Apparently PW cannot not legally be described as a financial adviser because it is not a member of the Securities Association.

Hyman and his partners think that the description "accounting advisers" grossly underestimates their contribution to the privatisation.

"We could have a new prime minister by the time Twin Peaks is over."

Local news

■ Using as their weapon "deliberate parochialism" two publisher-journalists in Scotland, Ray Perman and Alastair Balfour, are invading England in the hope of repeating their success.

They used to be journalists on Lonrho's failed Scottish Sunday Standard. Six years ago, with £25,000 redundancy money between them, they launched a monthly magazine for Scotland called Business Insider. It now has a turnover of £2m a year.

January will see them launch a parallel magazine in the north-west of England. An unnamed backer is putting up £300,000 capital. The editor will be Bob Waterhouse, the founder of the North West Times daily newspaper, which ran out of money two years ago and had to close.

The secret of Business Insider's success has been its parochialism, say Perman and Balfour. It prints detailed lists of local companies ranked by size and performance, and reports of deals done by corporate finance houses which are too small for London to be interested in.

It is niche management properly marketed, Perman says. He also admits there has been a lot of luck. "We made every mistake possible. We succeeded only because we were so naive we had no idea of how difficult it would be".

Rouble future

■ Leaders of the Chicago Mercantile Exchange, now in Europe on their way home from Moscow, have been discussing their idea of a futures contract in the Russian rouble.

They no doubt had some encouragement for this in Moscow, where the Soviets must have been cheered, if they were not amused, that those toughest of capitalists in Chicago believe that the rouble could one day merit convertibility.

Screen play

■ What was British Satellite Broadcasting offering as its big winter movie prior to the news of its planned merger with Rupert Murdoch's Sky Television?

It was Fatal Attraction.

ECONOMIC VIEWPOINT

Public spending takes off again

By Samuel Brittan

A British citizen who desires to see an increase in the share of public spending in the national income does not have to wait for a Labour government. For the public spending share is posed to rise in any case.

I will be curious to see how far this change of prospects is admitted in today's Autumn Statement. In other countries this would be called a budget, as it is a statement of government spending intentions. Earlier Autumn Statements have proudly charted the decline in general government expenditure as a proportion of gross domestic product.

But the Statement a year ago made clear that the process was well and truly over. The main question now is how fast the public spending ratio will rise in the years ahead.

The Chief Secretary's negotiations with departments and the statement to parliament are in terms of the planning total for 1991-92. This was put at £192bn in the projection published a year ago. But as has now been widely leaked, it will be in the neighbourhood of £200bn. This will be about £30bn less than the general government expenditure total used for most comparative purposes, including the Treasury's own public spending ratios.

The Autumn Statement will, however, be studied not only for the figures it contains, but for their likely realism. The table shows that up to 1988-89 spending was more or less held to plan. But since then there have been growing overshoots.

On one score Treasury watchers will be disappointed. The Budget surplus (or Public Sector Debt Repayment) for the current year will be revised sharply downwards from the original estimate of £7bn. But teenage scribblers will be left to make their own estimates for 1991-92. The Mansion House speech, however, can be interpreted as preparing the way for the reappearance of a deficit.

Mr John Major, the chancellor, will have quite a job to persuade the markets that any such deficit will be a purely temporary recession phenomenon. Indeed, he may have to plead old-fashioned counter-cyclical considerations to avoid increasing tax rates.

The Statement should also reveal how ill-informed City talk has been of any immediate base-rate cut. The alarming weakness of the dollar has given a spurious reinforcement to the sterling index. But against the ERM, sterling is more than three-quarters of the way towards the lower limit. Sterling's effective ERM range is determined not just by the central DM2.95 rate, as too many people wrongly suppose, but by the whole parity grid, which gives an effective range of variation from just below DM2.90 to just above DM3.10.

The Statement should reveal how ill-informed City talk of an imminent rate cut has been

Some keen crystal-gazers will be looking at the Treasury's inflation forecast for the end of 1991 in their search for clues to the path of interest rates. I shall be more curious to see if there is an inquest into last Autumn's forecast, which predicted a headline inflation rate of 5¾ per cent in the final quarter of 1990 – more than twice the average error on the wrong side.

* * *

UK public finances are now being hit by the combination of high inflation and falling economic activity usual in this phase of the economic cycle. And there are, of course, election pressures.

The upward pressures on public spending are, however, more deep-seated than anything to do with inflation, recession or elections. Public services may indeed have been unsatisfactory, judged by the end product; but it is not because they have been starved of cash. If we look at the four main services of social security, health, education, and defence, total spending on these actually showed a slight increase over the decade, stated as a percentage of GDP.

Why then does the chart show a marked decline in the public spending ratio over the lifetime of the Thatcher government? Privatisation proceeds made a contribution. But just as important was the sale of other assets such as council houses. There was a drastic decline in cash injections to nationalised industries and a reduction in debt interest as a proportion of GDP. There is no need to argue whether these items represent genuine reductions or not. The point is that they have a limited life span, most of which is already over.

The result has been an underlying public spending trend which is at best stable. Any pressures, whether those of recession, a Middle Eastern war or an increased desire for public services, will tilt the trend upwards. If on top of this there is a Labour government with a deliberate policy of raising public spending (which is still the party's answer to most problems despite the much-vaunted policy reviews) it is hard to see how the tax burden can be prevented from rising.

Labour spokesmen can validly point out that this burden has already been rising under the Conservatives. Taxes and National Insurance contributions (excluding North Sea revenues) rose from 34.1 per cent of GDP in the last Callaghan year to 36.4 per cent in 1989-90.

If this was the best that could be achieved under a government dedicated to tax reduction, imagine what will happen under a government which disclaimed any such objective.

* * *

Because of inflation, the government's failure to control public spending will seem greater than it really is. The present government inherited a public expenditure control system calculated in volume terms. This meant that if the army bought the same number of tanks in two successive years there was no apparent increase in spending, even if the price of tanks rose relative to the general price level. The result was (a) that the cost of the future public spending plans was understated and (b) there was little incentive to the spending departments to find cheaper sources of supply or to keep down their wage bills.

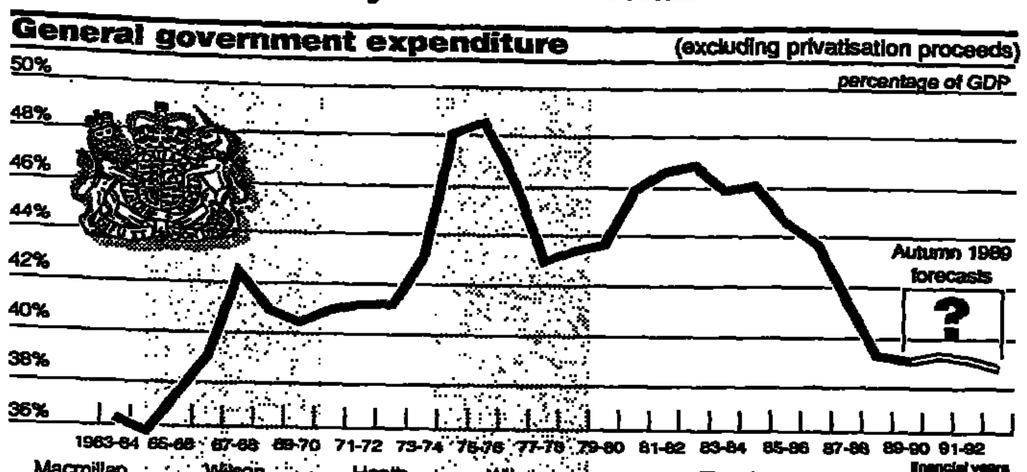
In the end, the Thatcher government went over to cash control, which was a salutary shock. But it has had the unfortunate effect of creating confusion between any crystal-gazing failure of the government's inflation forecasts and an on-the-ground failure to control expenditure.

There is surely something to be said for the compromise suggestion made by, among others, the Armstrong Committee which reported in 1980. This was to regulate public spending in "cost terms". The off-putting jargon was unnecessary. All that it meant was that spending objectives were set after allowing for the general inflation rate but not for the cost of specific services. Thus the health service would not, for instance, be made to suffer because inflation was faster than expected; but it would be constrained if there were an unexpected increase in health costs relative to inflation.

What is real is a siphoning off of so much government money into the black hole of the poll tax

What however is real and not presentational is the siphoning off of so much money (£3bn at last count) to offset the impact of the poll tax. The sums involved are disappearing into a black hole and are available neither for increasing, say, training or education, nor for trimming national tax rates. It is an example of what happens when the will of one person is made a substitute for a reasoned approach to policy.

General government expenditure (excluding privatisation proceeds)



Source: 1989 Autumn Statement

Public spending: projections and outcome £bn

Financial year	1987-88	88-89	89-90	90-91	91-92
Actual	178.0	186.4	203.1	-	-
Autumn statement plans					
1989*	-	-	-	217.7	230.0
1988	-	-	196.7	210.0	221.0
1987	-	188.0	196.2	207.1	-
1986	178.7	184.6	192.8	-	-

* As updated in the 1990 Budget.

Source: UBS Phillips & Drew

The prime minister's speech

When the image could come tumbling down

By Joe Rogaly

The prime minister's speech was read out by the Queen in the House of Lords yesterday morning and almost totally ignored by the leader of the opposition and the prime minister herself in the Commons yesterday afternoon. The so-called "Queen's Speech," which is in reality a list of government proposals drawn up in No 10 Downing Street's own phrases, had but one message of real interest for the assembled MPs. It is this: Mrs Margaret Thatcher's administration is planning to do nothing spectacular for the next 18 months or so, during which time attempts to unseat her, or to defeat the Conservatives, will be fought with all her might. With any luck, she believes, she will win – in spite of everything.

She has no mean strength. She performed well in a crowded and unruly house yesterday. She had them riveted at the end of her speech, when she uttered another warning to President Saddam Hussein that unless he withdraws unconditionally from Kuwait there will be a war. The strong message was that this might happen soon; how seriously one takes it depends upon how close one believes Mrs Thatcher to be to the strategic planning of President Bush, whose decision it must in the end be. If there is a war, Conservatives, and many in the general public, may reasonably be expected to rally round the prime minister, at least for its duration.

Mr Neil Kinnock, the Labour leader, knows all this very well. He was careful to emphasise Labour's support for UN policies in the Gulf, and its recognition that the use of force cannot be ruled out. On matters as serious as this it is wrong to exclude the likelihood that our political leaders are acting from disinterested motives, but, that said, it has to be observed that Mr Kinnock is quite determined not to be out-Gulfed by Mrs Thatcher.

Of course, there may not be a war. In that case it is politics as usual. The Labour leader knows this, too. He opened his remarks, after the formal jocularities peculiar to our mildly dotty constitutional arrangements had passed, with a brief glance at the contents of the speech only to say that by and large he thought Labour agreed with the gist of most of it and would deal constructively with the legislation when it is brought forward. After a pause he then launched into a reprise of his recurrent election address, which, had he enjoyed John F. Kennedy's speechwriters' services, would have amounted to an undertaking to get this country moving again.

I said "after a pause". The pause was, of course, what it was all about. It was during that passage that he made what he could of the government's single most destructive weakness: the division in the Tory ranks and the recurrent defenestration of cabinet ministers. No leader of the opposition could do less. Mr Kinnock will be forgiven any under-performance on this score for his deployment of a lethal missile at Mr Michael Heseltine, he of the once unshorn locks, whom he described as "a latter-day Samson Agonistes, speechless in Gaza."

Mr Heseltine, seated in what passes for cross benches in our adversarial house, sat staring straight ahead. He launched his own projectile against the prime minister in the form of a letter to his constituency last Saturday and has been mercifully in the Middle East while it has blown up his strategy for succeeding her, at least for a while. On the backbenches were other Samsons, such as Mr Nigel Lawson, and now, by his side, Sir Geoffrey Howe. Watching this, it was difficult to see anyone of like stature coming forward to challenge the prime minister.

She put on her boldest face. Dressed for the occasion in royal blue, her off-the-cuff remarks were, as usual, more interesting than her carefully prepared script. When she started to talk about forthcoming solutions to the European Community's problems, on particular points as she emphasised, an opposition backbencher shouted, "you'll resign". She jumped right in. "I don't think the honourable member should ever hope for that", she thundered, standing with her back to a couple of hundred honourable members who hope every hour of every day for just such a release. So far as one could see, most of them kept their faces under control.

As to Europe – the real issue – Mrs Thatcher is for the moment back on script. She launched into a characteristic defence of herself yesterday, ironically quoting several German sources to prove herself right. Mr Nicholas Ridley was captivated. What it all amounted to is that for one particular hour of one particular afternoon she was willing to stick to the line agreed with her two most senior colleagues, the chancellor of the exchequer and the foreign secretary.

This line even allows for a single currency, albeit in the distant future, and albeit never "imposed" but voted for by a House of Commons of a future generation. Since none of that really rules out, say, the year 2000 – which is both very near and very far – it is still conceivable that a deal could be done at the forthcoming intergovernmental conferences. Two things are necessary for that to happen. The first is that the French, the Germans and some of the others take to heart Mr Douglas Hurd's patient exposition to them of the limits of the realities of British politics; the second is that Mrs Thatcher keeps her mouth shut.

On reflection, quite a lot depends upon the latter condition. The careful construct of battling Maggie, fighting her corner, business as usual, could all come tumbling down again quite suddenly – this afternoon, say, after the chancellor tells us the worst; or tomorrow, after two by-election results; or next week, if there is a challenger for the leadership; or in December, in Rome; or next May, after the local election results. In short, our Queen cannot be certain that the same ventriloquist, working the same mechanism, will be there indefinitely.

LETTERS

Boosting liquidity in small companies' shares

From Mr William Drake.

Sir, The reforms announced by the International Stock Exchange will do little or nothing to achieve the stated objective of boosting liquidity in smaller companies' shares.

The thrust of the reforms is anti-competitive in that they move more power from the agency brokers to the large integrated houses which dominate the International Stock Exchange. Yet it is the agency brokers who actually create the liquidity by finding genuine buyers and sellers of these shares.

One of the reforms which I had hoped for was a facility for agency brokers to place their names on the Seaq pages for stocks in which they have some interest. This concept of "accredited dealers" to help liquidity in smaller companies seems to have been dropped by the Stock Exchange since Big Bang.

Such a move would demonstrate to potential buyers that there is wider interest than might be apparent from the current screen format. It would help to calm their fears about liquidity in the stock and this would do considerably more to enhance liquidity than the largely cosmetic requirement for there to be two firms of market-makers committed to the stock.

Furthermore, the increased privileges granted to market-makers are open to abuse by dual capacity houses. Independent agency brokers will be forced to make immediate exposure of agency crosses. The dual capacity houses will be able to conceal their transactions by putting their business through their inhouse market-makers. The new privileges should be confined to pure market-making firms alone.

I agree with Lex ("Small companies," November 6) that "in large part, the drying up of liquidity is a simple cyclical matter". Nevertheless, when there are constructive and effective steps that the Stock Exchange could take to help alleviate the problem, it is disconcerting to see only cosmetic reforms put forward.

William Drake,
director,
Granville & Co,
Mint House,
77 Mansell Street, E1

From Mr Fletcher Robinson.

Sir, Mr D.S. Ridout's fully justified attack on bear market raiders (Letters, November 2) should not be allowed to overwhelm the arguments that can be made in defence of the concept of short-selling. His letter fails to make the crucial distinction between spivs, who spread false rumours to drive down share prices, and serious investors, who would welcome a method to short shares as part of a conservative hedging strategy in a diversified portfolio.

In the US securities markets – the most heavily regulated in the world – private investors are able as a matter of course to open margin accounts and to borrow shares for the purpose of shorting them. At present that option is effectively closed to UK investors, with the net result that they are disadvantaged relative to their US counterparts.

Contrary to Mr Ridout's claim, the inability to short has huge investment implications. If there is any resemblance between the exchange and a casino, it is surely that the UK investor effectively has to bet that the market will go up each time he adds a position to his portfolio. Traded options, which cover a limited number of shares and are often expensive and illiquid, are certainly not a complete solution to this problem.

Fletcher Robinson,
3 Pembroke Square, W8

Subscribing to social advantage

From Professor Bernard Alford.

Sir, The evidence relating to changes in the educational background of top businessmen between 1979 and 1989 ("A social revolution," November 4) is certainly interesting, but does it reflect such a deep-seated trend as Professor Hannah suggests?

What of the boom in private education since the 1960s? The meritocrats seem to be heavy subscribers to traditional social advantage.

Bernard W.E. Alford,
School of History,
University of Bristol

US sees no farm agreement as better than a bad agreement

From Mr Clayton Yeutter.

Sir, The FT has earned a reputation for accurate reporting and only rarely is that record damaged. But your ("Grass-roots anxiety in agriculture," November 2) story gave an account that I was "reported" to say that "no (Gatt) agreement is a weak option". That is completely false.

As Secretary of Agriculture, I have said many times before and say again: No agreement is better than a bad agreement. To prevent any misinterpretation of that statement, let me define a "bad agreement": it is one which does not convincingly reform agricultural trade. Contrary to your story that "fault lines are appearing in the administration's solid front", President Bush, US Trade Representative Carla Hills and I are in complete accord: A bad agreement will not be signed.

Your reporter focused on our agricultural dissidents and one can find those in any country. They are the folks who are lacking in self-confidence and fearful of competition. But most of our farmers are not in that category. They believe they are internationally competitive and are thoroughly frustrated with having to battle against the export subsidies of the European Community. They are willing to take on other farmers, but they believe it is grossly unfair to ask them to take on other governments, and I agree.

Prime Minister Thatcher accurately evaluates the situation: if the EC continues to scorn serious reform of agricultural trade, the Uruguay Round will shatter and Europe deservedly will receive the blame.

Seeing themselves on the defensive, the instinctive position of those who oppose progress, European agricultural ministers are making clear their protectionist creed. Minister Kiechle of Germany recently stated that agricultural output needs to be limited and that "Europe should produce as much as can be consumed within the protected fence". The rest of the world will no longer happily acquiesce to the EC's "protected fence". The US and a whole host of other countries, including many developing nations, are demanding freer markets. We are demanding fairness. And contrary to premature complaints in Europe, the new US farm bill is proof that the US is undertaking large strides toward that goal as we ask no more of other nations than we ask of ourselves.

Clayton Yeutter,
US Secretary of Agriculture,
Washington, DC

Brighter future for British TV

From Mr Brian T. Evans.

Sir, Raymond Snoddy ("Sorry plight of MAC the orphan," November 6) is wrong to suggest that the demise of the BSB squarial and D-MAC is likely to lead to the supremacy of Japanese television technology. MAC's so-called evolutionary path to high-definition television (HDTV) was always a blind alley and there are other, better, European and American systems ready to take its place.

The political and broadcasting consequences of these new digital TV compression systems were extensively discussed throughout the passage of the Broadcasting Bill, though ministerial thinking was hog-tied by the pro-MAC lobby. The future for British television has now become much brighter.

In a few years time, not only will the expatriate London Welshman be able to get Welsh TV in London, but, perhaps of more importance, the Englishman living in Wales will be able to receive English TV programmes as printed in the London edition of his morning paper. Other geographically dispersed ethnic groups might enjoy the same cultural unity without needlessly imposing their tastes on the local population.

The new technology will allow TV programmes to enjoy a wider distribution – just as the FT can print a European edition in Frankfurt at marginal cost.

The rules on cross media ownership and attempts to impose ITV network agreements should be constructively rethought – otherwise some regional ITV franchises could easily remain "on the shelf".

Brian T. Evans,
Tantara Tck,
19 Cassiobury Park Avenue,
Watford, Hertfordshire

FINANCIAL TIMES
Thursday November 8 1990

Trade talks crisis has still to be resolved

There should be no illusions over the EC deal on farms, warns William Dullforce

SIGHS OF relief may be in order now the European Community has finally agreed on the offer to cut farm subsidies by 30 per cent in the Uruguay Round of trade talks. But there should be no illusions: the crisis that will make or break the four-year exercise in trade liberalisation has yet to come.

Mrs Carla Hills, US trade representative, made that clear in an interview with the Financial Times on Tuesday, in which she stressed that top-level intervention by European leaders would be needed to rescue the talks. EC leaders, especially President François Mitterrand of France and Chancellor Helmut Kohl of Germany, had now to make good on the pledges they gave at the Houston summit of the Group of Seven industrial powers.

There, Mrs Hills said, they had agreed a deal on farm reform should be negotiated on the basis of a draft text from Mr Aart de Zeeuw, Gatt (General Agreement on Tariffs and Trade) farm talks chairman, urging cuts in the three areas of export subsidies, border protection and internal farm supports.

But all indications yesterday were that the painfully gestated EC offer contains little or nothing on export subsidies. At French insistence, EC ministers have weakened the concessions on border access in the EC Commission's original proposal which the US and the 14 farm-exporting nations in the Cairns Group had already dismissed as inadequate.

In a letter sent on Friday to Mrs Hills, 39 US farmer organisations, including the American Farm Bureau Federation, warned that they might not provide political support for the results of the Uruguay talks. The letter pinpointed the EC's export subsidy proposal and its "rebalancing" concept as unacceptable. By rebalancing, the EC seeks to strengthen barriers to imports of non-grain feedstuffs such as soya beans and corn gluten. Thus, 25 days before the scheduled end of the Uruguay round, the outlook remains grim for the farm talks which form its core and where failure can wreck the whole exercise.

The main problem is not the gap between the EC's offer to cut farm subsidies 30 per cent and the US-Cairns Group demands for 90 per cent cuts in export subsidies and 75 per cent reductions in other supports. Nor is it whether to use 1986 as the base year for calculating the reductions in farm supports, as the EC wants, or 1991-92, as proposed by the US and the Cairns Group.

The real issue is if an overall result in the trade talks can be achieved that is politically saleable in the EC, where farmers are mobilised to defend their supports, and in the US, where protectionist forces and dissatisfaction with the course of the Urugay round are gaining strength.

Mrs Hills would not confirm reports that the US administration was contemplating walking away from the trade talks. She would not accept that US private-sector support for the Uruguay talks is waning, but agreed US businessmen were voicing growing concern about the "terrible stalemate" in many areas of the talks.

President Bush had asked his advisers to "evaluate where we stood" after some countries, "including some outside the Cairns Group", suggested they might walk away if no farm reform could be envisaged. The question was not if the US would quit the talks but "whether we will have anything at all at the end". The US administration still needed an ambitious package of results, to secure political backing at home.

A central US aim had been to bring under Gatt rules the one-third, or $1,500bn-a-year of world trade currently taking place "in the jungle", Mrs Hills said. This objective focused on agriculture, the $600bn trade in services, and rules for intellectual property and investment. Success depended on winning broad geographical participation, including that of developing countries, in final agreements. But negotiations on these matters had been "tainted" by the failure to move on farm trade reform. The developing countries would not join agreements in "new" Gatt areas such as services and intellectual property rights, if their interests in agriculture and other areas were not met. There were too many poorer countries such as Argentina and Brazil that could not afford to have their (export) markets "bought out from under them by the most affluent nations in the world," Mrs Hills said. The EC was spending $12bn a year on farm export subsidies, to buy shares of world markets.

If important US trading partners such as Argentina and Brazil refused to join and agreements on services, and intellectual property rights were geographically limited, "I could not justify the outcome (of the talks) at home," Mrs Hills went on. Developing countries undoubtedly feel a sense of betrayal in this concluding stage of the talks but they blame equally the US and the EC.

EC negotiators saw Mrs Hills' remarks as part of the inevitable "posturing" before the final bargaining started. Experience from earlier trade negotiations suggested that the US would end up in the crucial farm talks by recognising that a cut of 30 per cent in farm supports was a not unreasonable result, one EC Commission official commented.

The assumption that the US is bluffing could be very dangerous, especially in the light of the present recalcitrance within the US Congress towards the Bush administration. The crisis in the Uruguay Round may well explode shortly when the clash between EC and US political realities is finally recognised in the farm negotiations.

November 15 is the deadline at which the Cairns Group has said it will decide whether or not the EC is seriously negotiating on agriculture. The group is divided over which course to pursue, should it not be satisfied. Canada has rejected the notion promoted by Argentina that the group should block the trade talks, but Mrs Hills' remarks could strengthen the hands of those countries which could opt for more decisive action.

Mr Arthur Dunkel, Gatt's director-general and chairman of the Trade Negotiations Committee, has taken personal charge of the trade talks. He will try with the help of senior negotiators to resolve impasses in nearly all the 15 areas under discussion. He starts this morning with agriculture.

US delays waiver, Farm deal begs questions, Page 5

THE LEX COLUMN

US insurers show the strain

The big US insurance companies are now following in the footsteps of the US money centre banks and doing the unthinkable – slashing their dividends. Yesterday it was the turn of USF&G, one of the less well-managed property/casualty companies. Only a few months ago it raised its quarterly dividend to 73 cents. Now it has cut the pay-out to 25 cents, announced that its chief executive is to take early retirement and it plans to cut costs drastically. The problem for Wall Street is deciding when this kind of announcement passes from being stock-specific to reflecting a wider threat.

The USF&G news is less important than last month's one third reduction in Travelers' dividend. Indeed, judging by the 24 per cent yield on USF&G's shares ahead of yesterday's announcement, Wall Street had already twigged that something was wrong. The shares of other big US insurers such as Aetna and Cigna have been under pressure in recent months; but they are *still yielding* little more than half Citicorp's 15.5 per cent. Everyone knows the US insurance cycle has been deeper and longer than anyone expected, but the problems of the insurance companies do not yet match those of the US banking industry.

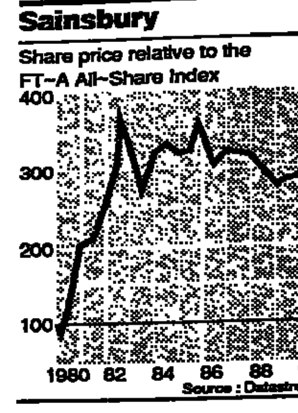
The area of greatest concern for both industries is asset quality. USF&G, for example, has close to $2bn, or twice its market capitalisation, invested in junk bonds and real estate; and its exposure to these markets is relatively slight compared with some of its peers. The great worry is that at some stage the health of the giant US insurance companies might become infected by a continuing collapse in asset prices. There is little evidence of that happening yet, but it is the sort of nightmare which might give a nervous US regulator an occasional sleepless night.

Sainsbury

Yesterday's figures from J.Sainsbury confirm a creeping doubt about UK food retailing as a whole. The interim results, as ever, are wonderful. But the accompanying £200m convertible issue is a sobering reminder of how the group is eating cash. Its £750m of projected capital expenditure this year is nearly as big as ICI's, while its balance sheet gearing is substantially higher. Is this what the grocery trade is supposed to be about?

Sainsbury

Share price relative to the FT–A All-Share Index



The convertible issue – the second in 18 months – shows Sainsbury using its share price strength to secure cheap finance. It also plans to raise up to £200m this year through its sale and leaseback programme, which presupposes a healthy market for food retailing property. Meanwhile, its balance sheet is financed by trade creditors to the tune of nearly 40 per cent of shareholders' funds. This is all perfectly splendid while business is booming. In a downturn, the circle could turn vicious.

Not that there is any sign of a downturn just yet. Even more striking than yesterday's 25 per cent rise in earnings per share was the claimed increase in market share from 11.3 per cent to 12.1 per cent and the remarkable jump from 6.5 per cent to 7.3 per cent in the UK operating margin. While non-food retailers are in a vice between cost inflation and price deflation, Sainsbury's prices in the half year went up roughly in line with the retail price index. But this may not be sustainable in the present economic climate. And while some of the improvement is also due to spending on bigger stores and smarter electronics, this may in the long run benefit the consumer rather than the retailer through competitive efficiency across the industry.

At 303p, Sainsbury's shares are on perhaps 14 times this year's earnings and a running yield of just 2.5 per cent. This kind of relative rating can be maintained as long as the Gulf crisis persists and the market remains unsure about industrial earnings. There is less room for confidence on a longer view.

Allied Irish

Allied Irish Banks wants to be taken seriously by the UK investment community. It must not be surprised if the market begins to treat it with the same suspicion reserved for any UK clearing bank that repeatedly taps its shareholders for funds, then squanders the money on unsound lending. Until recently, Allied Irish had the sort of image reserved for successful niche players like the Bank of Scotland. However, the message coming out of the group's interim results is that it seems to be making just as many bad loans as the competition.

Strip out the exceptional profit on the sale of the group's interest in Cablelink, and profits before bad debt provisions of IR£96.1m are much the same as the second half of last year, despite the benefit of IR£162m of rights issue money. The group's wish to reduce its heavy dependence on a small Irish economy is understandable, and it has been far more successful than many banks in its move into the US. But if its bad debt provisions rise much more, its shareholders will rightly question the wisdom of its ambitious diversification.

Wiggins Teape

The deal to be announced later today between Wiggins Teape Appleton and Arjomari promises to be interesting. The two companies have much in common; both produce high value-added paper, both are non-integrated manufacturers and both are heavily involved in distribution. Though it is France's second largest paper maker, Arjomari has a market value little more than half that of WTA. But a straight takeover seems unlikely, if only because Arjomari is more than 40 per cent owned by the French food conglomerate, St Louis.

On the other hand, a whole or partial merger would make sense for WTA, which has felt unprotected since it was spun off from BAT earlier this year. It also has ambitions to expand in European distribution, which makes up nearly half of Arjomari's sales. The only disappointed parties are likely to be those who bought into WTA as a takeover play.

Lucas

Further news from the wage inflation front. In its latest year, Lucas produced a zero increase in earnings, a zero increase in asset value and a six per cent fall in its share price relative to the market. The chairman's salary went up 22 per cent.

Gorbachev appeals for country to unite

By Quentin Peel in Moscow and Leyla Boulton in Leningrad

THE Soviet Union's Communist leadership yesterday appealed to the country to unite and avoid panic in the face of economic collapse and rising crime.

The emotional appeal was made by President Mikhail Gorbachev as military parades and counter-demonstrations took place across the country on the 73rd anniversary of the 1917 revolution.

Less than two hours after Mr Gorbachev's address, a lone gunman was arrested in the middle of the parade on Red Square, for firing a shotgun twice in the air.

Otherwise violent clashes were avoided, despite large and noisy anti-communist demonstrations. In a gesture of unity, Mr Gorbachev persuaded his rival, Mr Boris Yeltsin, president of the Russian federation, to walk beside him at the head of the official Moscow parade and jointly to take the salute.

Speaking from the mausoleum on Red Square in the first address for many years by a national leader, Mr Gorbachev admitted that the country was facing turmoil and called for unity. "Perestroika dealt a crushing blow against the totalitarian, command and bureaucratic system that controlled society and stifled people's initiative," he said.

"But the renewal process turned out to be much more painful and dramatic than could be expected . . . we are all alarmed at the shortages, the queues, the high prices, and the slackening of law and order. Ethnic discord causes real pain . . . but we should not panic, or even less call for turning back the clock."

His words received sharp ripostes from workers' collectives, arch conservatives and anti-communist demonstrators confused and bitter about the turmoil caused by the reforms.

"Gorbachev, our children need a future!" said one slogan from the workers' collectives. The ultra-conservatives, armed with four portraits of Stalin, declared: "Hands off Lenin!"

Soviet security police arrest a man who fired a shotgun in the air in Red Square yesterday

By contrast in Leningrad, the cradle of the 1917 Bolshevik Revolution, 10,000 people marched through their beautiful, but now run-down city, to attack the revolution as a national tragedy and to demand an end to the rule of Mr Gorbachev's Communist Party.

In Moscow's Red Square, the posters carried by anti-communist demonstrators after Mr Gorbachev had left declared: "1917 – the crime. 1990 – the punishment." and "73 years of tyranny, lies and degradation."

Military parades went ahead in Moscow, Leningrad and many other cities on Mr Gorbachev's direct order of Mr Gorbachev, and against the demands of radicals that the holiday should be abandoned in the face of the economic crisis.

In Moscow's Red Square, the Soviet military demonstrated that it could still put on an immaculate display in spite of the national turmoil, and even paraded for the first time six of its lethal SS-25 inter-continental nuclear missiles, to the fury of many radical reformers.

Pollution convention agreed by 130 nations

By John Hunt, Environment Correspondent, in Geneva

MORE than 130 countries agreed last night to begin work immediately on drawing up an international convention to combat global warming and to complete it by 1992.

The success in finding a wide area of agreement between so many countries was hailed as a breakthrough by environmental ministers conducting negotiations at the World Climate Conference in Geneva.

The final declaration recognised that climate change is a common concern of mankind and commits countries to "active and constructive steps in a global response."

However, the conference failed to agree specific international targets for reductions in carbon dioxide, the main "greenhouse" gas which contributes to global warming.

The Scandinavians, led by the Norwegians, wanted overall targets to stabilise carbon dioxide by the year 2000, the same date recently agreed as the overall European Community target.

Britain's aim is to stabilise by the year 2005.

The declaration compromised by calling on all developed countries to establish targets "or feasible national programmes or strategies which would have a significant effect on limiting emissions of carbon dioxide and other greenhouse gases."

The more flexible wording was adopted to accommodate the US and the Soviet Union which have refused to adopt national targets. They claim that their existing environment programmes will cut emissions significantly. The US is the world's biggest emitter of carbon dioxide and produces 25 per cent of the global total.

The environmental organisations and some of the countries at the conference were angered at the refusal of these states to adopt targets and the compromise was reached only after much hard bargaining behind the scenes.

Mr Chris Patten, UK environment secretary, described the agreement as a great step forward. However, he warned there would now be extremely tough talking to reach legally binding agreements for the convention.

These will be drawn up in protocols dealing with measures such as energy conservation and re-afforestation to create "sinks" which absorb carbon dioxide. Officials will begin detailed work immediately on the convention and their first international meeting will be in Washington in February.

Bonn agrees pollution goal, Page 3

Thatcher pledge on Europe

Continued from Page 1

Mrs Thatcher said she did not believe that Britain risked isolation in Europe. Instead, the detailed negotiations on economic and monetary union which begin later this year would result in solutions which "will enable the allowed the Community to go forward as 12".

But her speech did little to disguise her implacable hostility to the plans of other EC governments for an "imposed" single currency. She could not resist a barbed remark at the expense of Mr Jacques Delors, who she described as the "socialist" president of the European Commission.

With the government facing two by-elections today, Mrs Thatcher sought to restore confidence in the economic outlook, saying the government was getting on top of inflation.

Indian government falls after Singh suffers crushing defeat

By David Housego in New Delhi

THE INDIAN government fell last night after Mr V. P. Singh, the prime minister, was heavily defeated in a vote of confidence in parliament.

It was the first time since independence 43 years ago that an incumbent prime minister has been defeated on the floor of the house. The large margin by which Mr Singh lost, 346 to 142, showed that he had suffered more defections than he had expected.

Immediately after the defeat Mr Singh held a brief cabinet meeting before notifying President R. Venkataraman of his resignation.

The next prime minister, who is expected to be named today, faces the task of heading one of the weakest administrations at one of the most difficult periods in Indian history.

Amid noisy scenes after the vote, there were scattered cries of "Jai Sri Ram" (long live Ram) from the ranks of the Hindu radical BJP party whose withdrawal of support from Mr Singh's administration over the Ayodhya temple controversy was the issue that finally brought down the government.

"Jai Sri Ram" has become the slogan of the Hindu fundamentalists seeking to build the temple at Ayodhya on the site of a mosque.

The galleries of parliament were packed for the one-day debate and large crowds gathered outside – reflecting both the historical moment of the occasion and concern over the political uncertainties ahead.

Because of this, and in an effort to give the government more stability, the president has been pressing the Congress party to enter a coalition with Mr Chandra Shekar.

In anticipation that elections cannot be long postponed, Mr Singh sought to transform yesterday's debate into the beginning of an election campaign. He said his government had fallen in defending the principle of a secular India in which Hindus and Moslems can live together against the threat of a Hindu theocratic state. Both Mr Rajiv Gandhi and Mr L. K. Advani, the BJP leader, widened the debate into an attack on the government.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	17	63
Algiers	S	23	73
Amsterdam	C	10	50
Athens	F	17	64
Bahrain	S	27	81
Bangkok	F	32	91
Barcelona	F	15	59
Beirut	-	-	-
Belfast	C	7	45
Belgrade	C	2	36
Berlin	S	7	45
Biarritz	S	17	63
Bombay	S	30	86
Bordeaux	S	12	54
Boulogne	F	10	50
Brussels	S	10	50
Budapest	S	3	38
Buenos Aires	F	20	68
Cairo	F	29	84
Cape Town	S	27	81
Caracas	C	29	84
Casablanca	C	25	77
Chicago	C	2	36
Cologne	C	5	41
Copenhagen	F	7	45
Corfu	R	13	55
Dallas	F	11	52
Dublin	C	10	50
Dubrovnik	C	7	45
Edinburgh	R	7	45
Faro	F	21	70
Florence	S	12	54
Frankfurt	C	5	41
Geneva	C	3	37
Gibraltar	R	17	63
Glasgow	C	7	45
Helsinki	R	2	36
Hong Kong	C	27	81
Innsbruck	S	3	37
Inverness	Dr	6	43
Islamabad	F	25	77
Istanbul	F	12	55
Jakarta	C	32	91
Jersey	S	7	45
Johannesburg	C	13	57
Lima	C	18	65
Lisbon	C	17	64
London	S	8	46
Los Angeles	S	17	63
Luxembourg	S	6	43
Madeira	S	22	73
Madrid	R	12	55
Majorca	S	18	66
Malaga	R	17	64
Malta	F	20	68
Manchester	C	7	45
Manila	C	31	88
Melbourne	S	29	84
Mexico City	F	26	79
Miami	S	21	70
Milan	S	10	50
Montreal	C	1	34
Moscow	-	-	-
Munich	S	2	35
Nairobi	C	25	77
Naples	C	13	57
Nassau	F	27	81
New Delhi	S	27	82
New York	S	7	45
Nice	S	15	59
Nicosia	F	26	79
Oporto	F	18	66
Oslo	S	3	39
Paris	S	7	45
Peking	C	11	52
Prague	F	5	41
Reykjavik	C	8	46
Rhodes	F	21	70
Rio de Janeiro	R	37	100
Rome	S	12	54
Salzburg	S	5	41
San Francisco	S	13	57
Seoul	S	13	57
Singapore	F	27	82
Stockholm	F	7	45
Strasbourg	-	-	-
Sydney	S	25	77
Taipei	C	27	82
Tangier	C	18	66
Tel Aviv	S	27	81
Tenerife	F	26	79
Tokyo	S	22	73
Toronto	R	2	36
Tunis	C	18	66
Valencia	C	17	63
Venice	S	11	52
Vienna	C	5	41
Warsaw	C	7	45
Washington	S	2	37
Zurich	C	2	36

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

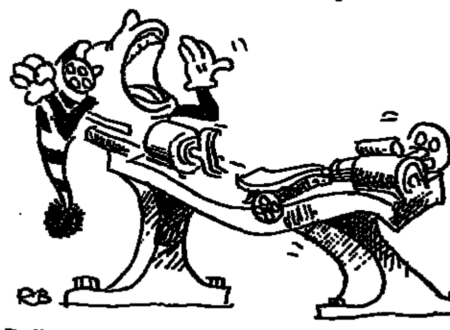
FINANCIAL TIMES
COMPANIES & MARKETS
© THE FINANCIAL TIMES LIMITED 1990 Thursday November 8 1990

INSIDE

Thai electronics start to connect

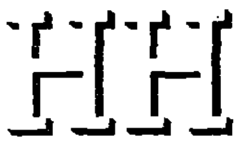
GSS (Thailand), the five-year-old Bangkok-based group, has turned into one of the fastest growing Thai electronics groups. Through a series of well-timed acquisitions, GSS is expanding rapidly overseas, particularly in the US market. Now the group is turning to other areas such as Japan, where it recently signed a $200m three-year agreement with Fujitsu, and to Europe where it is also expanding its customer base. Page 19

Machine tools wake up



Believe it or not, but there are signs of life in the French machine tool industry. The evidence came recently with the acquisition by Num, France's leading maker of numerical controls, of a controlling interest in Servomac, the top Italian maker of machine tool motors. Normally on the receiving end of takeovers, the French machine tool industry has seen employment levels decimated over the past decade. William Dawkins reports. Page 18

Strong hopes for happy ending



The writing is on the wall for Strong & Fisher, the UK's leading producer of fashion leather, if Hillsdown Holdings and the UK government fail to reach agreement on a rescue package today. If Hillsdown walks away, Strong is likely to collapse immediately, putting 1,400 jobs at risk and costing the banks – which until now have been patient – a lot of money. Clay Harris reports. Page 23

Phone on the range

Cattle production is big business in Texas, which accounts for about a quarter of the US supply. But gone are the cowboys of yesteryear, packing Colt 45s to warn away rustlers. The modern cowboy now packs a walkie talkie and arms himself with a pen and notebook. The modernised, computerised Texas beef industry has been reaping handsome profits. But mention the Gatt trade talks, and tempers still run high, reports Nancy Dunn. Page 37

Excalibur sets out on cash quest

Michael Griffiths, chairman of Excalibur Group, says the corporate climate has changed considerably in the past few weeks, and his jewellery and precision engineering group is ready to acquire companies suffering from the recession. The group is raising £8.5m ($16.5m) through a rights issue, and yesterday said it was buying Price & Orphin, a Welsh specialist engineer. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Schering	691	+	13
Falls			
BMW	389.9	–	13.6
Daimler	550	–	14.5
Dresdner	350.5	–	18.5
Siemens	578	–	14.6
Volkswagen	333	–	8

NEW YORK ($)

Rises			
Cont Corp	21½	+	1
Falls			
Browning Ferris	22⅛	–	2⅛
MCA	61⅛	–	2¼
MCI Comms	30⅛	–	1¼
USF & G	11½	–	⅝
Waste Man	31½	–	1⅜

New York prices at 12.30pm.

PARIS (FFr)

Falls			
CSE	552	–	19
Hachette	182.3	–	7.8
Havas	501	–	25
Pechiney Inv	254.5	–	13.5
Suez	290.1	–	10.9
Valeo	329	–	7.8

TOKYO (Yen)

Rises			
Daifuku	2810	+	150
Kyudenko	2000	+	130
Sato Kogyo	1720	+	70
Tokyu Const	1130	+	130
Falls			
Kubota	671	–	10
Sanyo Elect	660	–	15

LONDON (Pence)

Rises			
Bibby (J)	129	+	12
Bowater	441	+	12
Brent Walker	76	+	8
Davy	71	+	6
Lloyds Bank	267	+	6
Warner Howard	142	+	7
Falls			
Abbeycrest	90	–	8
Allied Irish	148	–	9
Allwoods	377	–	19
Bank of Ire	149	–	8
Christies Int	205	–	18
Excalibur	51	–	7
ICI	638	–	18
LASMO	427	–	15
Racal Tel	257	–	10
Sainsbury	302½	–	7½
Sothebys	475	–	75

Groupe Bull unveils plans for recovery

By Alan Cane and William Dawkins in Paris

GROUPE BULL, the loss-making French computer maker, will today announce long-awaited restructuring plans designed to restore the state-owned company to the black by 1992.

The scheme includes much heavier-than-expected job losses in Europe and the US, a complete reorganisation of production management and rationalisation of plant. It also includes the possibility of collaboration with competitors and big customers.

This will fall short of a partnership with another big computer maker of the kind floated recently by Mr Roger Fauroux, the French industry minister. Yet Bull is planning to continue spinning off parts of the business where it feels it will never compete as a world leader. It began this strategy last September with a co-operation accord to make "smart cards" with François-Charles Oberthur, the French magnetic card producer.

Despite Mr Fauroux's public declarations of anxiety over Bull, the only loss-making French state-owned company, officials stress that he and the government fully support Bull's strategy. Today's plan, which Bull calls the acceleration and transformation scheme, aims to speed up the existing strategy of Mr Francis Lorentz, the chairman.

This is to change Bull from a hardware manufacturer into a systems integrator, capable of bringing together hardware and software from a variety of sources to solve customers' computing problems. An essential part of the scheme is the acceleration of measures to bring together Bull's diversity of computer designs into a single harmonised product range.

The plan aims to achieve a substantial cut in costs by closing plant, reducing staff – mostly in administration – and bringing in for the first time a single group organisation for research and development, product design and manufacturing. Currently, these functions are split across Bull's four operating companies.

Bull made a record FFr1.88bn ($376m) loss in the first six months of this year, almost double the budgeted amount, but there are no plans to cut training, seen as one of the most valuable investment areas. Mr Fauroux warned parliament earlier this week that Bull would continue to lose money in the current six months.

Bull is a victim of turbulence in the computer industry which has hit every large producer as customers have turned away from traditional mainframes offering substantial gross profit margins to low cost personal computer-based systems, where the market is growing but margins are slim.

Alan Harper

Customer relations: Lord Sainsbury lends a hand yesterday

Sainsbury profits 27% up at £273m

By John Thornhill

THE UK food retailing sector saw another strong corporate performance yesterday as J Sainsbury, the grocery chain, announced a 27 per cent rise in interim pre-tax profits to £273.4m ($535m).

This result follows healthy profits increases from Tesco and Wm Morrison Supermarkets and provides further evidence of the resilience of the food retailers in the face of recession – in stark contrast to the non-food retailing sector.

Yesterday, Sainsbury also announced the issue of £200m of convertible capital bonds to fund its extensive capital expenditure programme. But this, coupled with analysts' concerns over the slower rate of growth projected for the second half, helped deflate Sainsbury's share price by 7½p to 302½p.

During the first half of the year, Sainsbury spent £364m on capital expenditure and this sum is expected to rise to £750m in the full year. Sainsbury plans to open 35 stores this year with a total selling area of 1.2m sq ft. The group had a total selling area of 11.24m sq ft at the end of March 1990.

Sainsbury's sales in the 28 weeks to September 29 grew 17 per cent to £3.74bn while operating profits rose 30 per cent to £290.5m due to better margins, productivity and cost control.

Lord Sainsbury, chairman, said he was delighted by the performance and claimed the company had increased its share of the UK food and drinks market from 11.3 per cent to 12.1 per cent.

Sales in Sainsbury's UK supermarkets increased 17 per cent with new selling area contributing 8 percentage points of the growth. Operating profits were over a third higher at £258.1m.

The company's Savacentre stores also saw a strong increase in sales but growth in operating profits was pegged to 11 per cent because of the costs associated with opening a new store in Sheffield.

Shaw's, the group's US grocery chain, was affected by "recession" in New England but operating profits still rose 11 per cent to $29m on the back of a 7 per cent sales increase to $943.9m. Homebase, the company's DIY business, also struggled with difficult trading conditions.

Interest charges in the period rose to £17.9m (£8.7m) although capitalised interest amounted to £27.1m (£28.1m).

The group's fully diluted earnings per share worked out at 11.94p (9.25p), an increase of 25 per cent. The interim dividend was lifted 20 per cent to 2.1p (1.75p).

Lex, Page 16; Bond details, Page 22

Banks fear cuts from a double-edged sword

David Lascelles looks at the BIS capital ratios accord

When the Basle-based Bank for International Settlements proposed new capital standards for banks two years ago, they were widely seen as an aid for the hard-pressed banking industry. But as the banking scene continues to darken, many people think they have become part of the problem instead.

The new standards set internationally-agreed levels of capital for the big banks. The aim was to strengthen bank balance sheets. However, the new ratios also squeezed banks by obliging them to carry more capital. This has forced them to take greater risks or sell off assets to improve their returns, with the result that some banks have actually got weaker. This could worsen the credit crunch which already threatens several markets.

"The Basle ratios are a double-edged sword," says Mr Chris Wheeler, an analyst with Shearson Lehman Brothers.

The new ratios, which were proposed by a committee chaired by Mr Peter Cooke, then head of supervision at the Bank of England, are being phased in over a four-year period up to 1992.

But the difficulties which many banks now have making any money at all, let alone a respectable return on their capital, could force officials to hold back, some people believe.

Although many banks were above or close to the required minimum at the beginning of this year (see table), many have slipped back since then because of loan losses. Japanese banks have been especially hard hit by the decline in the stockmarket, where part of their capital lies.

Mr Christopher Ellerton, banking analyst at S G Warburg Securities, says: "A delay in the full implementation of the BIS capital accord is now possible." He argues that there are several big banks with capital shortfalls, notably in the US, France and Italy.

But the worst problem is in Japan, where the seven largest banks – which are also the seven largest banks in the world – are at least $15bn short of the BIS requirements.

Some countries have tried to help their banks by softening the rules. Spain, for example, eased reserve requirements earlier this year. In Japan, the authorities have already extended the deadline into early 1993, and allowed banks to issue new kinds of bonds to raise extra capital.

But generally, supervisors say it is very unlikely that they will agree to a significant relaxation of the Basle regime. Indeed, Mr Alan Greenspan, the chairman of the Federal Reserve, indicated in July that the US may actually have to tighten capital standards next year.

Mr Cooke, who has left the Bank of England and is now with Price Waterhouse, the accountancy firm, says the regime should not be amended. "When banks are under pressure it is not the time to weaken capital standards which were designed for the long term," he says. "To alter the structure would give the wrong signal."

None the less, he does think officials will have to tread carefully. "Regulators always need to be sensitive to the evolving

Peter Cooke: regime should stay

Basle capital adequacy ratios for major banks (% at the end of 1989)

Belgium	8.0
Canada	7.6
France	7.5
Germany	above 8.0
Italy	7.5
Japan	9.0*
Netherlands	above 8.0
Sweden	8.0
Switzerland	above 8.0
UK	8.9
US	8.0

*Note. Basle timetable requires 7.25 per cent by the end of this year and 8.0 per cent by end 1992. *Including a portion of stock market equity investments. Source: IBCA*

macro-economic environment, and some souplesse may be sensible in particular circumstances," he said this week.

But even if regulators do permit banks to fall below the required minimum, that might not be any help. The market would see what was happening and make its own judgments, so weak banks would be penalised anyway.

The Basle levels have become a yardstick against which banks are measured, regardless of how strictly the rules are enforced. The worry this generates among investors has added to the pressure on bank stock prices.

If banks are to get their ratios in order, they will either have to raise fresh capital or shrink their balance sheets to bring capital and assets into line. But raising new capital in the present environment is out of the question for most banks, so many will be forced to sell assets.

Mr Wheeler at Shearson Lehman argues that this can also produce undesirable results because banks will invariably try to sell their jewels to gain the greatest benefit. "If they sell off quality assets, this is bound to undermine their structure."

Salomon Brothers calculates that nine of the largest US banks would have to raise $6.8bn in new capital to meet the 1992 standards. But it says this is unrealistic, so the banks will have to adjust by other means, including shrinking assets, cutting dividends and reducing costs.

Citicorp, the largest New York bank and the one with the biggest capital problem, would have to shrink assets by more than one-third, or $90bn, to come into line, although Salomon says this would be less if it cut its dividend and reduced costs as well.

But despite these enormous numbers, the banking industry as a whole is not short of capital. Indeed, much of the current crisis stems from the fact that there is too much capital and lending capacity, as the ferocity of competition shows. The problem is that the capital is either in the wrong place, or distributed too thinly among too many banks.

Because of this, many people think that the long-run answer to the crisis must lie in a restructuring of the world banking industry, and particularly in a reduction in the number of players. This would soften competition, and allow banking margins to widen again, so that banks could earn bigger profits to service their capital.

Banking supervisors are increasingly taking the view that they should encourage banking mergers. The Bank of England, for example, now regards this as a "legitimate role".

Lord Alexander, the new chairman of National Westminster Bank, went a step further recently, suggesting that more banks should be allowed to go out of business altogether.

The original aim of the Basle regime may have been to strengthen the foundations of the banking system. But by making banks sweat, it could become the means by which the world banking industry is trimmed to a more realistic size.

The current slowdown in the international expansion of Japanese banks, which were the pacesetters of the late 1980s, can be traced directly to their capital ratio problems. Many bankers expect that once the current crisis is over, the world will have fewer, but stronger, banks.

Wiggins Teape may link with French paper group

By John Thornhill in London and George Graham in Paris

WIGGINS Teape Appleton's shares were suspended at the paper company's request yesterday morning amid mounting speculation that it would today announce a partial merger with Arjomari-Prioux, the French paper business.

Arjomari's shares were also suspended on the Paris bourse pending an announcement this morning which is likely to involve cross-shareholdings.

Wiggins Teape, which was spun off from BAT Industries earlier this year, has faced tough trading conditions as a result of unstable pulp prices, and analysts have suggested that it needs to increase in size if it is to avoid takeover.

Mr Tim Rothwell, a paper analyst at Barclays de Zoete Wedd, said a merger of the two businesses would make good industrial sense. "There is an overlap and a complementary nature between the product ranges of the two companies," he said yesterday.

In the past few years, Wiggins Teape has been moving away from the commodity end of the paper market towards higher value-added branded products, such as carbonless copy paper, business stationery and thermal paper.

Arjomari too is a leading producer of specialised papers, including coated wood-free paper for printing, chemical self-copying paper, banknote and security paper and, since its acquisition of Guarro Casas in Spain, drawing and bookbinding paper.

But it has also been expanding its distribution activities, and is now present in all the main European markets – except Germany – ranking third in the UK.

Neither Arjomari-Prioux nor Saint Louis, the sugar and prepared foods group which owns a 41.5 per cent stake, would comment yesterday on the content of the statement they plan to publish this morning.

Paris stockbrokers commented, however, that since only Arjomari's shares were suspended, and not Saint Louis's, any deal with Wiggins Teape could not involve a very substantial dilution of the food company's holding.

Lex, Page 16

Siemens and GPT to unveil big US telecom merger

By Paul Abrahams in London

SIEMENS, the German electronics group, and GPT, the UK telecommunications supplier, will shortly announce the merger of their US public telecom operations.

The deal will form the third largest public network equipment supplier in the US after AT&T and Northern Telecom, with sales of about $400m a year, according to the company.

Mr Richard Reynolds, chairman of GPT, said the deal would establish the joint venture as a serious third vendor in the US marketplace for public telephone switches, packet switching and transmission systems. It will have about 7 per cent of the market.

The new business, to be headquartered in Florida, will be a merger of the two companies' sales and marketing activities. Mr Reynolds said that although most companies were merged with the intention of saving money – and one of the most significant ways of doing this was through job losses – he hoped the rapidly expanding market for telecommunications equipment would absorb them. The companies employ 4,000 people in Florida, Arizona and New Mexico.

The joint venture, bringing together Siemens Communication Systems and Stromberg-Carlson Corporation, part of GPT, will be known as Siemens Stromberg-Carlson.

Siemens has a 40 per cent stake in GPT. General Electric Company of the UK holds the rest. Siemens acquired its stake when, with GEC, it acquired Plessey, the UK electronics company, last year.

GPT had previously been a joint venture between Plessey and GEC.

The new company's chief executive officer will be Mr Volker Jung, presently president and chief executive of Siemens Communication Systems.

PPC in one-off dividend pay-out

By Philip Gawith in Johannesburg

PRETORIA Portland Cement (PPC), a member of the Barlow Rand group and South Africa's largest producer of cement and lime, has announced a special one-off dividend payment to shareholders of 80 cents per share.

Over and above the normal annual dividend which was increased by 15 per cent, the special dividend brings the total for the year to 230 cents, a 77 per cent increase over the 1989 dividend.

In the preliminary profit statement for the year to the end of September, the directors say "as no major investment opportunities are immediately available to the group, and in view of the current and projected high level of cash availability and the inherent strength of the company's balance sheet" the special dividend was decided upon.

Mr John Hall, chairman, commented: said: "PPC has been holding substantial cash balances for some time earning money market rates which, after tax, are far lower than PPC's return on shareholders' funds. We felt the shareholders should be given the benefit of that cash by way of a direct dividend payout.

"There were no avenues available to PPC to invest the cash at returns equivalent to PPC's existing business."

Turnover rose by 7 per cent to R740m ($292m) from R689.2m and operating profit was 5 per cent higher at R172.2m compared with R164.4m.

The apparent decline in margins was due to a major non-recurring repair to a kiln at the Western Transvaal slurry factory which cost R8m. Margins would otherwise have improved.

Profits attributable to shareholders rose by 6 per cent to R106.7m, a decline in real terms consistent with a reduction in sales volumes of 4 per cent for both cement and lime.

Moulinex in talks on acquisition of Krups

By George Graham in Paris

MOULINEX, the French kitchen equipment manufacturer, is negotiating to buy Krups, the German family-owned household appliance company best known for its coffee grinders and food processors.

Mr Roland Darneau, chairman of Moulinex, has confirmed the discussions, but warned that other companies were also talking with Krups.

The Moulinex product range overlaps heavily with Krups, but the French group believes it is essential to establish a domestic manufacturing base if it is to expand into the German market.

Observers also note that Krups has had better success than Moulinex itself in penetrating the US market.

Mr Darneau's company last year expanded in the UK with the acquisition of Swan Housewares, a producer of kettles and toasters, and in Italy through the purchase of Girmi, a blender and kitchen processor specialist.

Moulinex, which has suffered from a collapse in the market for microwave ovens, reported a loss of FFr25m ($5m) in the first half, but is still hoping for the full year to match 1989's net profit of FFr153m.

Life yet in French machine tools

William Dawkins looks at the survival of a once-depressed sector

Anybody who thought the French machine tool industry slid into a terminal coma in the mid-1980s should think again.

Evidence that there is life yet among the 150 small and medium-sized companies which make up Europe's fourth largest machine tool industry came last month when Num, France's top maker of numerical controls, took control of Servomac, the leading Italian maker of machine tool motors.

The aim of the deal – the price of which has not been disclosed – is to give Num, a subsidiary of the Schneider engineering group, better integration across the different stages of machine tool production, similar to the strategy of its much larger Japanese competitors.

It is Num's first acquisition for nine years, and an unusual event in a French machine tool industry which has become accustomed to being on the receiving end of takeovers, mainly from Japanese companies such as Toyoda and Amada and German groups such as Emag and Traub. It underlines how the French industry feels more confident three years after the failure of a government rescue plan.

Machine tool employment has plunged 55 per cent, from 20,000 people to around 9,000, over the past decade, while industry turnover dwindled from FFr6.3bn ($1.3bn) in 1981 to a low of FFr4.6bn three years ago. Since then, French-owned machine tool makers have seen a sales recovery to just over FFr6bn last year, 13 per cent more than their FFr5.3bn sales in 1988, according to a study* by the Bipe independent forecasting institute, one of two recent papers drawing attention to French machine tool makers' resilience.

'French suppliers, for a long time the sick men of the European machine tool industry, have clearly profited from an investment revival'

"French suppliers, for a long time the sick men of the European machine tool industry, have clearly profited from an investment revival. After a difficult restructuring period, manifested by numerous mergers and takeovers, the situation has stabilised," says the Bipe study.

Yet the French industry is still tiny, accounting for 6 per cent of European Community output, according to WS Atkins, the UK management consultants. France's share is about the same as Spain's, and a fraction of the 50 per cent EC share held by western Germany. At the same time, it is one of the most highly integrated and cosmopolitan of any in Europe, says Mr Barry Patterson, leader of a WS Atkins *study on the sector.*

Over the past five years, foreign competitors – including US, Italian and Swiss producers – have taken over eight of France's top 16 machine tool makers. One result is that French-owned companies now supply barely a third of their own market.

This is partly the legacy of the former right-wing government's 1986 decision to phase out costly attempts to prop up its ailing independent machine tool producers.

By then the producers had swallowed FFr3.5bn of state aid since the turn of the decade. Once considered a strategic industrial asset, the machine tool industry was one of the first in France to experience the administration's gradual retreat from interventionist industrial policies. The economically liberal socialist government has continued this hands-off attitude since coming to power two years ago, though it does continue to subsidise the acquisition of software by small engineering companies.

The French machine tool plan has an interesting parallel with British experience. The Paris administration tried to lump smaller producers into a handful of large groups able to achieve the economies of scale available to lower-cost Japanese and South Korean competitors. The new groupings never worked out, at least on the production level. They either went bankrupt, such as Machines Francaise Lourdes, whose bankruptcy in 1987 marked the end of the plan, or fell prey to foreign bidders.

The UK government's support for the Alfred Herbert machine tool group, an attempt to create the world's largest producer, collapsed in the early 1980s for similar reasons. However, the French machine tool plan did leave two useful legacies: a well equiped industry, and a tradition of co-ordination.

While pooled production proved a disaster, several operators have continued to find it useful to collaborate on research and development and after-sales service.

The prime example is Brisard, France's biggest independent machine tool group, made up of a loose federation of small producers, on similar lines to B Elliott, the British machine tool group. However, WS Atkins' Mr Patterson believes small French producers are even deeper into this kind of collaboration than other Europeans. "We think it is an important competitive factor," he says.

** Machine-Outil 90: Les Enjeux, available from Sepic, 17 Rue d'Uzès, 75002, Paris. Strategic Study on the EC Machine Tool Sector, WS Atkins, Woodcote Grove, Ashley Road, Epsom, Surrey, KY18 5BW.*

Schering up 15% to DM202m

SCHERING, the German chemicals and pharmaceutical group, yesterday announced a 15 per cent rise in net profits for the first nine months of 1990 to DM202m ($135m), writes Andrew Fisher in Frankfurt.

The company said it had begun new talks on finding a partner for its agrichemicals activities.

Negotiations on a joint venture with Sandoz of Switzerland broke down in May. Agrichemicals account for around a quarter of Schering's turnover, which totalled DM5.8bn last year.

SPA privatisation warning

THE HEAD of Hungary's State Property Agency (SPA) has rejected calls to speed privatisations, warning that a crash programme would rob the country of needed revenue by flooding the market with companies for sale, Reuter reports.

"If privatisation in Hungary is to be successful, it must be done on a market basis," Mr Lajos Csepi said, insisting that a gradual transition to private ownership from state control should be the nation's goal.

His comments put him at odds with Mr Gyorgy Matolcsy, the government's economic adviser, who called for a faster, decentralised privatisation system. Government officials meet next week to try to agree a blueprint for breaking the state's grip on business.

Mr Csepi said crash privatisation would deprive the state treasury of potential revenue by depressing prices at the exact time Hungary seeks foreign investors for 20 leading companies being sold as part of the First Privatisation Programme. A quick sell-off of state assets would frustrate attempts to create a broad layer of small businesses as the bedrock of Hungary's new free-market economy.

Germany to sell oil company

THE GERMAN government will sell state-owned oil exploration company Prakla-Seismos in two steps to Schlumberger, the US oil services group, Reuter reports.

Schlumberger will acquire 51 per cent of loss-making Prakla "shortly", the company said. It will buy the balance of the shares within two years.

The finance ministry said only that the government had agreed to begin negotiations with Schlumberger.

● Allianz, the German insurance group, is considering setting up a Spanish joint venture with DKV and La Estrella *through its holding company* Allianz RAS España SA.

Portuguese cement floats

By Patrick Blum in Lisbon

THE Portuguese government has announced plans to privatise Cimentos de Portugal (Cimpor), the big state-owned cement manufacturer. It also wants to sell its 58 per cent stake in Secil, Portugal's only other cement producer, which is 42 per cent owned by Danish investors led by Hoyigaard and Schmidt Industries groups.

The two companies will be restructured ahead of the privatisation early next year, with two of Cimpor's five factories being transferred to Secil. Cimpor dominates the Portuguese market with about 76 per cent of domestic production and, in 1988, it ranked seventh among European cement producers.

Cimpor is estimated to be worth about Es140bn ($1bn). After the restructuring, it will retain about 60 per cent of the market to Secil's 40 per cent.

There is said to be strong interest from several European groups keen to acquire a stake in Cimpor, in spite of government intentions to maintain limits on foreign purchases of privatised shares. Foreign investors can hold up to 35 per cent of the restructured Cimpor. Foreign interest has come from France's Ciments Francais, the Corporacion Industrial Banesto of Spain, and Italcementi of Italy.

Hafnia battle intensifies

By Hilary Barnes in Copenhagen

THE BITTER takeover battle between Denmark's two insurance-based financial giants, Hafnia and Baltica, has moved into a new phase.

Hafnia has acquired 33.5 per cent of Baltica, which means it can block decisions in general meetings of Baltica shareholders. Baltica and its allies, meanwhile, are buying up Baltica shares in defence

Hafnia's chief executive Mr Per Villum Hansen has said his acquisition of Baltica shares was a conventional portfolio investment. He does not favour hostile takeovers.

Baltica's Mr Peter Christoffersen has said that Hafnia may be bidding up the price of Baltica shares to improve the appearance of the Hafnia year-end results, which will reflect the year-end unrealised capital gain on the holding in Baltica.

Baltica has outstanding authority to make a new share issue without pre-emptive rights for existing shareholders. If a buyer shows up, this right could be used to dilute Hafnia's influence.

The French financial services group, Suez, and the Danish fire insurance group, Kobstaedernes almindelige Brandforsikring, are also big shareholders, with 23.5 and 16 per cent stakes respectively.

COURSES

PUBLIC NOTICES

MMC INQUIRY INTO LONDON UNDERGROUND LIMITED

The Secretary of State has asked the Monopolies and Mergers Commission to look at whether London Underground Limited (LUL) could improve its efficiency and cost-effectiveness without affecting targeted improvements in levels of safety or in the quality of service provided.

Anyone wishing to obtain a copy of the full terms of reference or to submit evidence should write to: The Reference Secretary (LUL), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT. Any evidence should be submitted before 28th November 1990.

ART GALLERIES

INTERNATIONAL COMPANIES AND FINANCE

Thailand's electronics infant is growing fast

Paul Taylor examines the progress of GSS Electronics towards achieving world status

GSS Electronics (Thailand) may not have the same familiar ring to its name as Toshiba, Sanyo or even Samsung, but the fast growing five-year-old Bangkok-based group is already expanding overseas.

Last year it acquired Singapore-based Source One System to act as its component purchasing agent and early next year it will complete its $30.5m acquisition of Array Technology, a California-based group and a leader in the field of advanced surface mount technology. This technology allows assemblers to put together smaller, cheaper and lighter circuits for applications such as mobile telephones and laptop computers.

The acquisition of Array is also expected to lead to the transfer of surplus orders to Thailand and bring marketing expertise and new customers.

Through these moves GSS, whose production includes printed circuit board assemblies, cables and harnesses, magnetic disk-drive heads and other electronics equipment – mainly on a contract basis to electronics and computer manufacturers – is aiming to position itself as one of a handful of Thai-based companies able to compete in a global market.

While American companies account for the bulk of GSS's exports, this, too, is changing. The company recently signed a $200m three-year agreement with Fujitsu to supply the Japanese computer giant with disk drive parts and is also expanding its customer base into Europe.

The company was set up five years ago by Mr Gary Stickles, an American electronics company marketing executive who is chairman of GSS and its major shareholder, and two local entrepreneurs, Mr Sonboon Denkirati and Mr Supawit Wuthi-udomiert, a Thai electronics, engineering and business graduate who is GSS managing director.

With Mr Fred Hopkins, an electronics industry veteran in Asia who worked for American Micro Devices and Intel before joining GSS last September as president and chief executive, they have built GSS into one of the fastest growing Thai electronics groups.

Today, the company, based in seven two-storey buildings in Bangkok's northern suburbs, employs 2,000 people working three shifts 24 hours a day and sometimes seven days a week.

Next month when its annual results are published it is expected to show net profits of about 66m baht on sales of almost 1bn baht – triple last year's revenues.

GSS ELECTRONICS FINANCIAL RESULTS (Baht m)

	1988	1989	1990*	1991*
Sales	90	304	991	3,062
Net profit	7	49	66	174

*Estimate
Source: W.I. Carr Thailand

Next year Mr Supawit expects GSS revenues to top 3bn baht ($121m) plus another 1bn baht in sales by Array out of the US and analysts expect profits to reach 170m baht.

But the GSS managing director also emphasises that despite its rapid growth it remains a small player in comparison with big multinationals like Toshiba and Seagate – whose Thai subsidiary has just shot into fifth place among Thailand's largest companies with revenues of 19.5bn baht last year – and others who have assembly operations in Thailand.

He also stresses that the company has "no plans at all yet" to move into the much more risky business of designing, researching, producing and marketing finished products under its own name.

Instead, GSS, like other Thai electronics companies, has adopted a strategy of minimising involvement with anything in which they do not have a natural advantage while carefully acquiring the technology to enable them to move into higher-margin original equipment manufacture.

So far, the company's rapid growth mainly reflects its ability to produce quality products at cheap prices for overseas customers. Mr Daniel Cloud, an industry analyst with W.I. Carr in Bangkok estimated in a recent report that cheap labour, Thailand's status under the US quota system providing privileges for developing countries, together with low overheads give Thai electronics exporters a 20 per cent cost advantage over their main rivals, including Taiwan and Hong Kong.

This enables them to achieve very high profit margins while still remaining extremely competitive on price – a factor which may also help protect them in the event of a world economic downturn.

Already the 78bn baht a year electronics industry in Thailand is the country's second largest export earner after textiles. In five year's time Mr Cloud predicts Thai electronics exports will overtake textiles, and for GSS itself "given the quality of GSS's management we see no reason why it should not eventually become a world class electronics company with sales and profits many times the present level".

Perhaps the only dark cloud on the horizon for GSS, one of just a handful of publicly quoted Thai electronics companies, is the steep decline in the Thai stock market. When GSS announced its plans to acquire Array at the end of July its shares, like the market in general, were riding high and the acquisition was to be partly funded by a mixture of a rights issue and public offering.

Now those funding plans have been thrown into doubt by the Thai market crash which has sent GSS stock tumbling from about 250 baht a share to under 100 baht – well below the terms of the proposed public offering. While GSS is not highly leveraged, Mr Supawit says it would prefer not to borrow the $20.5m final tranche of the Array purchase price due at the end of February. He said the GSS board will decide whether to proceed with the share offering later – in the meantime no doubt hoping the Thai market will recover.

Turnover soars 19% at SA Breweries

By Philip Gawith in Johannesburg

SOUTH African Breweries (SAB), the diversified beer and consumer products group, has, in the six months to the end of September, again managed to increase sales proportionally more than the increase in national consumer spending.

Turnover rose by 19 per cent to R6.9bn ($2.74bn) from R5.8bn a year ago against a background of severely inhibited consumer spending. This is reflected in an estimated growth in private consumption expenditure of only 14 per cent over the same period. Trading profit rose by 23 per cent to R584m from R475m.

Mr Meyer Kahn, executive chairman, said this incorporated the benefits of operating efficiencies, stringent overhead control and greater focus on trading margins. The results of associated companies, however, increased by less than 10 per cent over the period. This, together with increases in financing costs and taxation, saw growth in after-tax profit limited to 17 per cent.

The group's four main areas of activity are beverages, retail, manufacturing and hotels and other activities. In the year to the end of March, they contributed, respectively, 55 per cent, 22 per cent, 19 per cent and 10 per cent to after-tax profits. Of the listed subsidiaries, the best performances came from mass retailer OK Bazaars and clothing, textiles and accessories chain, Edgars stores.

The beer division's sales increased by 11 per cent in volume and its contribution to group earnings rose by 25 per cent. About 80 per cent of the beverage division's attributable earnings come from beer sales, the balance from sales of carbonated soft drinks, fruit juices, wine and spirits.

Looking ahead, Mr Kahn said that disposable income would remain under intense pressure well into 1991 with their being little likelihood of meaningful relaxation in the current restrictive fiscal and monetary policies in the medium term. He said these factors, together with an unsettled socio-political environment, would moderate the rate of profit growth in the months ahead, but a reasonable improvement in earnings for the year ahead was still attainable.

Earnings per share rose 21 per cent to 80 cents from 66.1 cents and the interim dividend was 20 per cent up at 30 cents from 25 cents per share.

Footwork buys Berlin hotel

By Stefan Wagstyl in Tokyo

FOOTWORK International, a fast-growing Japanese transport company set up only nine years ago, is planning to buy control of the old-established Hotel Steigenberger, one of the most prestigious hotels in Berlin.

Footwork is buying a 55 per cent stake in a deal which values the hotel at more than Y10bn (US$79m). The company outbid two other Japanese groups, including Japan Airlines, the national carrier.

Footwork, which specialises in door-to-door delivery services, was established by a merger of seven trucking companies in 1981 and listed on stock exchanges in 1986. It made profits of Y1.4bn on sales of Y18.4bn in the year to March.

Mr Wataru Ohashi, the founder, chairman and largest shareholder, also runs an extensive property portfolio through Footwork Express, a privately-owned company.

NEWS IN BRIEF

■ **Siam Cement**, the large Thai conglomerate, has been boosted by the country's construction boom and the shortage of building materials. Yesterday it reported a 58 per cent advance in third-quarter net profits to 1.49bn baht ($60m), or 123.88 baht per share, from 940.3m baht, or 78.36 baht, for the year earlier period, Reuter reports from Bangkok. This brought the nine-month net profit figure to 3.67bn baht, or 305.62 baht per share, up from 2.89bn baht or 240.82 baht. Third-quarter sales rose 35 per cent to 7.4bn baht.

■ **Wesfarmers**, the Australian agribusiness group, yesterday reported a fall in first-quarter net profits to A$7.64m (US$5.9m) from A$8.19m, Reuter reports from Perth.

Sales edged ahead to A$285.82m from A$285.35m and there was other revenue of A$3.6m compared with A$7.51m, while pre-tax profits were also marginally ahead at A$12.73m compared with A$12.68m. Earnings per share fell to 4.2 cents from 5.4 cents.

■ **Marcopper Mining**, which runs the third largest copper mine in the Philippines, yesterday reported net income of 110.38m pesos ($4.1m) for the first nine months, down 41 per cent from 187.30m pesos for the same period last year, AP-DJ reports from Manila.

The weaker 1990 results were due to lower sales volume, said Mr Nemesio Prudente, president. Copper concentrates sold from January to September amounted to 789.62m pesos, down 12.76 per cent from 905.21m pesos a year earlier.

■ **TDK**, the world's largest manufacturer of magnetic tapes, has won approval to list its shares in Frankfurt, Reuter reports from Tokyo. Trading begins on November 13. Its shares are already listed in Amsterdam, Brussels, Antwerp, Paris, New York and London.

INTERNATIONAL COMPANIES AND FINANCE

Air Canada earnings fall by over a third to C$44m

By Robert Gibbens in Montreal

AIR CANADA, fighting recession in North American markets, has reported better than expected third-quarter results – but the full impact of fuel price increases has yet to come.

Canada's largest airline, privatised in 1988-89, posted earnings of C$44m (US$37.9m) or 59 cents a share, down more than one-third from C$71m or 95 cents a share a year earlier. Revenues rose to C$1.12bn from C$1.04bn. Operating profit slipped to C$89m, from C$119m.

Nine months' profit was C$50m or 67 cents, against C$91m or C$1.22 last time, on revenues of C$3bn, up from C$2.8bn.

The third quarter is normally the most profitable. The results for the period showed a 7 per cent gain in operating revenues, while operating expenses were up 12 per cent.

Domestic market share was 56 per cent, up nearly 8 per cent while total traffic rose 1.3 per cent and capacity dipped 1.9 per cent. Passenger load factor was 76.8 per cent, compared with 74.4 per cent and yield was 16.3 cents, against 15.8 cents.

Wage costs rose 10 per cent and a C$23m special charge was taken to cover restructuring costs – the airline is cutting staff by nearly 3,000 over the next few months.

Fuel costs rose nearly 4 per cent and Mr Claude Taylor, chairman, said the higher fuel prices would be felt more strongly in the fourth quarter.

"The full year will be below expectations and we're facing softening world airline markets. But Air Canada is building a more profitable operating base ready for any upturn."

The company has dropped its Bombay-Singapore route and is concentrating on London and Paris. The London route was showing strong traffic gains, Mr Taylor said.

The British Aerospace strike delayed Airbus A320 aircraft deliveries and the full benefits from their lower fuel consumption will be delayed till 1992. But postponement of 747 orders is conserving cash – shown as C$720m at September 30.

Mr Steve Garmaise, airline analyst at First Marathon Securities, Toronto, said the latest period was stronger than expected and special factors were working in Air Canada's favour. But it had to dispose of a large number of older aircraft and faced difficulties in developing Asian business and in dealing with the deepening North American recession.

"It will do well to break even in the fourth quarter and most of 1991, excepting any unusual factors," he said.

USF&G reveals $15m loss

By Nikki Tait in New York

USF&G, whose property/casualty operations rank about 13th in premium volume, yesterday unveiled a $15m third-quarter loss, a cut in its dividend rate and significant staffing cuts. The announcement was further evidence of the difficulties being faced by some US insurers.

The after-tax loss compares with a $17m deficit in the same period a year earlier, but comes after net realised gains of $9m, against a loss of $6m in the same period a year ago.

For the nine months USF&G's net profit advanced to $41m from $15m, lifting per share earnings to 35 cents, against 3 cents last time. Revenues were $3.42bn, compared with $3.41bn.

USF&G said that on the core property/casualty front, performance was "below expectations", with the lower level of catastrophe losses more than offset by declining premium revenues, lower investment income and additional reserving to "maintain adequate loss reserve levels."

As a result of the pressure, USF&G is cutting its quarterly dividend rate from 73 cents to 25 cents a share – a move which it said would conserve around $160m on an annualised basis.

It also announced a "cost reduction programme", which involves an unspecified number of staff cuts across the company.

Although USF&G refused to give numbers, there were suggestions yesterday that around 5-10 per cent of the workforce could be affected.

In addition, the Baltimore-based company's chairman and chief executive, Mr Jack Moseley, will take early retirement.

His successor has yet to be announced.

● Continental Corporation, which ranks just ahead of USF&G in the league table of property/casualty insurers, reported a sharp recovery in third-quarter profits, largely because of the significant drop in catastrophe losses.

After-tax profits, including realised capital gains, for the three months to end-September totalled $53.3m, against a loss of $27.7m in the same period a year earlier.

The underwriting loss fell from $246.3m to $147.7m.

Infotech to sell operating businesses

By Nikki Tait in New York

INFOTECHNOLOGY, the troubled communications company whose shares trade on the US Over-the-Counter market, said yesterday that it was putting its leading operating business up for sale.

These include Financial News Network, the business-oriented cable service, and United Press International, the news wire operation.

The company said that there had already been "serious interest" from several parties in UPI and/or some of its lines of business.

Infotech is retaining Wertheim Schroder, the US investment bank, to handle the sales and said that it hoped to have them completed by the end of the year.

With virtually all the company's operations on the block, Infotech declined to discuss the future of the group itself.

The company has been beset by problems recently.

FNN has failed to file financial reports with the Securities and Exchange Commission for the year to June, while Infotech recently announced both a change in outside auditors and the withdrawal of the previous auditors' opinions on Infotech and FNN's 1989 financial statements.

There is also a shareholders' class action outstanding, alleging that Infotech misrepresented the financial condition in recent months to inflate the share price.

When new co-chief executives were appointed last month, it was suggested that certain businesses might go up for sale.

Last month, Infotech also said that operating cash flows at the companies were insufficient to meet operating expenses or to cover certain bank and lease obligations falling due.

Yesterday, it added that it was in negotiations with the banks and hoped it would be able to obtain a 90-day moratorium of interest and principal payments.

Continental Air reduces deficit to $97m

CONTINENTAL Airlines, the highly leveraged US carrier in which Scandinavian Airlines System has an 18.4 per cent stake, has unveiled third-quarter losses of $88.8m after tax, writes Nikki Tait.

This takes the airline's deficit for the first nine months of 1990 to $97m, or $2.83 a share.

In the same period a year earlier there was a deficit of $522.8m, or $13.51 a share. However, the 1989 figures included a net loss of $569.7m in respect of Eastern Airlines, part of the same group but which went into bankruptcy earlier this year.

In the 1990 nine-month figures, Eastern contributed losses of $149.1m for the period between January and April.

Continental, which made a loss of $26.9m at the operating level (before interest charges) in the third quarter, said fuel had become its "greatest single expense".

In October, the airline's fuel costs were some $70m more than they would have been under "normal circumstances".

Nortel considers future of STC interest

By Bernard Simon and Robert Gibbens in Montreal

CANADA'S Northern Telecom, largest shareholder in the British communications equipment company STC, is considering the future of its UK interest.

Nortel admitted the prospect of paying a high price for businesses only marginally related to telecommunications equipment meant it was cautiously planning for its 27 per cent stake in STC.

Mr Raymond Cyr, chief executive of Nortel's parent company, Montreal-based BCE, confirmed in an interview that Nortel was reviewing its options following the sale by the British company earlier this year of its computer division, ICL, to Fujitsu of Japan.

Mr Cyr said a bigger stake in STC "does have advantages, but it does have limited advantages. It's not as if we're going to pay any price for it".

He said Nortel was weighing the advantages of quickly gaining a foothold in Europe through STC and the attractive opportunities for shared research and development, against the possible drawbacks of acquiring a diverse set of non-telecommunications businesses.

Besides switching equipment and telephones, STC makes electrical and electronic components.

Among the factors Nortel is considering is the market for any STC businesses it decided not to keep. The Canadian company is concerned it might pay a high premium to lift its overall stake in STC, but would have difficulty attracting the same premium in later sales of selected assets.

BCE has a 53 per cent stake in Nortel. It also controls Bell Canada, the country's biggest telephone company, and Bell Northern Research, a telecommunications research group.

Mitel slides into the red

By Bernard Simon

MITEL Corporation, the Canadian telecommunications equipment maker controlled by British Telecom, suffered a third-quarter loss of C$4m (US$3.4m), equivalent to 6 cents a share.

This compares with earnings of C$200,000 a year earlier, equal to a loss of 2 cents a common share after allowing for preferred share dividends.

Third-quarter revenues advanced to C$113.5m from C$101.3m, thanks partly to foreign-exchange movements, especially in the pound sterling against the Canadian dollar. However, the rise of the Canadian dollar against the US dollar pushed down revenues by 2 per cent.

The Ottawa-based company, said gross margins continued to improve from a year earlier due to changes in the product mix and continued focus on manufacturing efficiencies. It added earnings were hurt by the costs of a North American advertising campaign and by an acquisition.

Sumitomo Electric rises 40% in interim

By Stefan Wagstyl in Tokyo

SUMITOMO Electric Industries, the diversified Japanese wire maker, yesterday posted a 40.3 per cent increase in unconsolidated interim profits to Y17.6bn ($138m), due to strong domestic demand.

Sales for the six months to end-September rose 14.3 per cent to Y370bn. Book losses on securities holdings, caused by the sharp fall in the Japanese stock market, were offset by increases in interest income.

For the full year, Sumitomo expects sales to reach Y770bn and pre-tax profits Y37bn, an increase on previous estimates.

INTERNATIONAL CAPITAL MARKETS

Gilts lift slightly on hopes of interest rate reduction

By Deborah Hargreaves in London and Karen Zagor in New York

GILT-EDGED securities edged up yesterday after traders became more sanguine about a possible reduction in UK interest rates that could be announced in the chancellor's Autumn Statement today.

The market had opened on a soft note after the Bank of England moved to tighten monetary policy following speculation in the market on Tuesday about an imminent rate cut.

Although the Bank continued to keep money supply tight in the market yesterday, some dealers were putting their money on hopes of a rate cut, pushing long bond prices up several ticks.

A benchmark 11¾ per cent issue which matures in 2003/07 rose by 1/16 to 102 3/16 to offer a yield of 11.38 per cent.

The strongest sector in the market yesterday was the index-linked area where prices rose by 3/16 at the long end. This follows renewed fears about the Gulf crisis, producing a substantial price move in such an illiquid market sector.

The market is looking for some sign from Mr John Major, the UK chancellor, today that the government is about to start funding again. The announcement by the London International Financial Futures Exchange that it will launch an Ecu bond futures contract in March led some to speculate the Treasury may issue an Ecu gilt.

■ US TREASURIES traded in a narrowly mixed range yesterday morning as the market reacted to a weaker dollar and stronger oil prices and waited for the afternoon's 10-year note auction.

Although the Treasury's bellwether 30-year bond was quoted 1/8 lower at 101 3/16 for a yield of 8.63 per cent at mid-session, the underlying tone of the market was bullish. Recent economic indicators have pointed towards recession, and players are hopeful that the Federal Reserve will ease monetary policy after the Federal Open Market Committee meeting on November 13. At mid-session, shorter-dated maturities were about 1/16 higher.

The Federal Reserve stayed out of the open market when Fed funds, the rate at which banks lend to each other, were changing hands at 7 11/16 during the usual intervention period. Analysts had not expected the Fed to intervene yesterday, since the Fed has met most of its adding requirement for the two-week statement period that ends next Wednesday. The Fed's perceived target for the funds was cut to 7¾ per cent last week.

The prospect of lower interest rates, fears of recession and continuing worries about the budget deficit pushed the dollar lower against the D-Mark yesterday morning. At mid-session, the "greenback" was quoted at DM1.4835 against DM1.4927 late Monday in New York. But the dollar improved somewhat against the yen, and at mid-session was quoted at Y128.35 compared with Y128.15 a day earlier.

Oil futures moved slightly higher in the morning, with the December contract gaining 97 cents a barrel to $33.60.

Traders expected solid demand for the 10-year issue at yesterday's auction following a reasonable performance at the three-year note sale on Tuesday. In the morning, the Fed said it had rescheduled the release of consumer credit data to Thursday.

■ IN GERMANY, cash bond prices moved in a tight range as bund futures stayed locked in an eight-pfennig band. Traders reported conflicting influences on the market resulting in the lack of direction.

On the one hand, news reports about the issue of DM19bn in Schuldscheindarlehen by the German government which have been absorbed with little effect on bond market yields, should have been good news for investors. However, this was counteracted by evidence given by the Bundesbank to a parliamentary committee which put the size of Germany's public sector deficit at DM140bn to DM150bn next year. This is an increase on previous estimates of DM120bn.

The Bundesbank showed a tightening in monetary policy with its repurchase agreement yesterday, leading dealers to suggest last week's announcement that the increase in the Lombard rate should not lead to an overall rise in interest rates, should not be taken at face value.

The bank did not inject enough funds into the system to keep the overnight cost of funds close to 8 per cent. In fact, it pushed this call money rate up to 8.20 per cent at one stage which is where dealers expect it to stay for a time.

In the cash market, the new 9 per cent 10-year bond was fixed at 99.85 down from Tuesday's 99.92 to offer a yield of 9.02 per cent.

■ THE JAPANESE government bond market remains extremely quiet as bond prices are closely following the fortunes of the yen. Rumours about the imminent arrest of leading figures in the economy for insider dealing shocked bond market traders yesterday to push up yields on the key 119 bond, but the rumour was not strong enough to produce a dramatic move.

The yield on the 119 bond moved in Tokyo trading from 7.76 per cent to 7.83 per cent and in London, yields softened to 7.81 per cent, but moved back up again to 7.83 per cent.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-09	-01/32	11.48	11.56	11.46
		9.000	03/00	87-00	+0/32	11.28	11.34	11.17
		9.000	10/08	84-28	+0/32	10.93	10.81	10.83
US TREASURY *		8.750	08/00	101-22	+01/32	8.49	8.71	8.68
		8.750	08/20	101-14	+03/32	8.61	8.85	8.83
JAPAN	No 119	4.800	6/99	84.7942	-0.349	7.74	7.78	8.15
	No 129	6.400	03/00	94.2571	-0.417	7.44	7.48	7.84
GERMANY		9.000	10/00	99.8500	-0.130	9.02	8.99	8.95
FRANCE	BTAN	9.000	11/95	95.4706	+0.040	10.19	10.21	10.39
	OAT	8.500	03/00	89.4200	-0.010	10.28	10.33	10.53
CANADA *		10.500	07/00	98.1000	+0.400	10.80	11.16	11.13
NETHERLANDS		9.250	11/00	100.4100	-0.110	9.18	9.18	9.14
AUSTRALIA		13.000	07/00	99.1414	-0.107	13.15	13.37	13.53

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Dutch bank to buy HK broking arm of Elders

By John Elliott in Hong Kong

PIERSON, Heldring and Pierson, the Dutch merchant bank, has reached agreement in principle to buy Elders Roach Asia, the Hong Kong-based stockbroking arm of Elders Finance Group Asia which is a subsidiary of Elders IXL of Australia, for an undisclosed sum.

This is part of the retrenchment now being carried out at Elders IXL which involves the breaking up of Elders Finance.

Elders Roach Asia has three seats on the Hong Kong Stock Exchange and a staff of over 35 in the colony. It was set up in 1986 as Greenwell Montagu Far East and was renamed when it was bought two years later by Elders Finance.

Mr Lucas Wurfbain, a senior Asia executive of Pierson, said yesterday that his bank hoped to reach agreement on the purchase by the end of this month.

Pierson has been expanding in the region recently and acquired the Singapore-based private banking business of Chemical Bank two years ago.

In Hong Kong it is mainly involved in investment management for European institutions and it wants to expand by opening Elders Roach offices in Thailand and possibly Indonesia.

It is understood that two other financial institutions interested in building up their Hong Kong operations were also negotiating to buy Elders Roach, which up to now has concentrated on the Hong Kong stock market.

● Japanese securities house Daiwa Securities is taking a 5 per cent stake in French broker Oddo, Reuter reports from Paris.

The French broker has announced a FFr33m capital increase to FFr350m to take place by the end of November.

After the increase, Oddo's capital will be held approximately 51 per cent by directors and people close to the company, 25 per cent by Assurances Générales de France, 9 per cent by Istituto Bancario San Paolo di Torino, 8 per cent by Caisse des Depôts et Consignations and 5 per cent by Daiwa.

SA banking group details rationalisation

By Philip Gawith in Johannesburg

BANKORP, the troubled South African banking group in the Sanlam stable which recently reported losses of R368m, yesterday released details of the rationalisation undertaken to restore the group's fortunes.

Mr Piet Liebenberg, executive chairman, who took over four months ago, said main branches had been reduced from 250 to 180, more than 1.2m accounts have been transferred, and more than 2,500 jobs will have been shed by December.

Mr Liebenberg, told the Investment Analysts Society the rationalisation had started at the top. The incorporation of TrustBank, Senbank and Santambank (now Bankfin) into one operating company, Bankorp, meant four boards became one and the number of directors cut from 54 to 15.

He stressed there had been a change in the way the bank went about its business, with the drive for asset growth replaced by a focus on quality of business.

Asset growth of about 40 per cent in each of the 1988 and 1989 financial years – 10.9 per cent this year – put a strain on the balance sheet which has necessitated a R575m rights issue.

Mr Liebenberg said after the issue the bank will have a capital to assets ratio of 5.2 per cent, calculated on risk-weighted assets, which exceeds requirements for 1991 and 1992 under the Deposit-taking Institutions Act, 1990.

Responding to concern that leading shareholders Sanlam and Sankorp would hold approximately 90 per cent of Bankorp's equity after the issue, compared with a maximum of 49 per cent allowed in the new Act, Mr Liebenberg said they were exempted from this provision for a number of years.

He also said he thought the authorities were coming round to the view that the constitution of the board and the management of a bank were more important than who were the shareholders.

"I speculate that in two to three years from now the legal requirement to reduce the shareholding may well have disappeared," said Mr Liebenberg.

He said he was satisfied the group had sufficient provision for bad debts and denied it had exposure of R600m to mini-consortium Tollgate Holdings, saying the figure was "not near that level".

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on November 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	100	100½	-⅛	8.83
ALBERTA PROVINCE 9 3/8 95	600	101⅝	102	+⅛	8.92
AUSTRIA 8 1/2 00	400	94⅞	95¼	+⅛	9.34
BANK OF TOKYO 8 3/8 96	100	96	96½		9.33
BELGIUM 9 1/8 92	400	101⅛	101½		8.42
BFCE 7 3/4 97	150	93⅞	94⅜	+⅛	9.08
BNP 8 5/8 94	300	99⅛	99½		8.89
BP CAPITAL 9 5/8 93	150	101½	102½	-⅛	8.81
CANADA 9 96	1000	101¼	101½		8.68
CARCO 9 1/4 96	650	97⅜	97⅝		9.85
CCCE 9 1/4 95	300	101⅞	102⅛	+⅛	8.72
COUNCIL EUROPE 8 96	100	95⅞	96¼	+⅛	8.93
CREDIT FONCIER 9 1/2 99	300	101	101¼	+⅛	9.31
DENMARK 0 98	250	50	50½	-⅛	9.36
DENMARK 8 1/4 94	150	98¼	98½	+⅛	8.80
ECSC 8 1/4 96	193	96⅛	96⅝	+⅛	9.05
EEC 7 1/4 93	250	97½	97⅞		8.45
EIB 7 3/4 96	250	94⅞	95¼		8.92
EIB 10 97	250	104	104½		9.13
ELEC DE FRANCE 9 98	200	99⅞	100¼		9.01
EUROFIMA 9 1/4 96	100	100⅞	101⅜	+⅛	9.04
EXPORT DEV CORP 9 1/2 98	150	101⅛	101⅝		9.22
FINLAND 7 7/8 97	200	93⅝	94⅛	+⅛	9.25
FINNISH EXPORT 9 3/8 95	200	101⅛	102		8.98
FORD MOTOR CREDIT 9 1/2 93	300	100½	100⅞		9.30
GEN ELEC CAPITAL 9 3/8 96	300	100⅝	101	-⅛	9.20
GMAC 9 1/8 96	200	97⅞	98⅛	+⅛	9.63
HALIFAX 9 1/2 93	200	101⅜	101⅞		8.85
IBM WORLD TRADE 7 5/8 93	150	96½	97⅛	+⅛	8.99
IND BK JAPAN FIN 7 7/8 97	200	92¼	93¼	+⅛	9.41
INTER AMER DEV 7 5/8 96	200	93⅝	94	+⅛	9.07
ITALY 8 1/2 94	1500	99⅝	99⅞		8.69
JAPAN DEV BK 8 94	150	97⅞	98⅛		8.69
KANSAI ELEC PWR 10 96	350	102⅝	103⅛	+⅛	9.33
LTCB 8 5/8 93	150	99⅜	99⅞		8.89
NEW ZEALAND 8 93	100	98¼	98¾		8.74
NIPPON CRED BK 9 3/4 95	150	102	102⅜	+⅛	8.93
NIPPON TEL & TEL 9 3/8 95	200	101½	102⅛	+⅛	8.88
NORDIC INV BANK 9 93	200	101	101¼		8.53
OLYMPIA & YORK 8 1/4 96	435	82	85	+¾	12.90
ONTARIO HYDRO 11 5/8 94	200	106¼	106¾	-1¼	9.32
OSTER KONTROLLBANK 8 1/8 93	200	99⅜	99⅞	+⅛	8.39
PRUDENTIAL RLTY SECS 0 99	365.216	45⅞	46¼		10.02
QUEBEC HYDRO 9 3/4 98	150	101	101⅜		9.56
QUEBEC PROV 9 98	200	97½	98	+⅛	9.44
SAINSBURY 9 1/8 96	150	99⅝	99⅞		9.26
SAS 10 99	200	100⅞	101⅛	+⅛	9.82
SBAB 9 1/2 95	500	101⅞	102¼	+⅛	8.95
STATE BK STH AUST 9 1/4 93	100	100⅞	101⅜		8.83
SUMITOMO BK CAP MKT 9 3/8 93	150	101⅛	101⅝		8.93
SWEDEN 8 1/8 94	150	98⅛	98⅜	+⅛	8.72
SWEDISH EXPORT 9 5/8 93	100	102¼	102⅝		8.47
TOKYO METROPOLIS 8 1/4 96	200	96⅛	96⅝		9.06
WORLD BANK 8 3/8 99	1500	95⅜	96		9.28
WORLD BANK 8 3/4 97	1500	99⅜	99⅝		9.07
XEROX CORPN 8 3/8 96	100	94⅛	95⅛	+1⅛	9.69

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96⅛	96⅝	-⅛	9.18
AUSTRIA 6 98	400	83½	83⅞	-⅛	9.24
CNT 6 1/8 98	200	82⅞	83⅛	-⅛	9.26
CREDIT FONCIER 6 3/4 99	500	85⅝	85⅞	-⅛	9.28
DEUTSCHE BK FIN 5 5/8 96	750	86⅛	86⅜		8.88
EEC 5 3/8 93	300	93⅜	93⅝	+⅛	8.86
EIB 6 1/8 96	300	86⅝	87	-⅛	9.22
EIB 6 7/8 95	300	92⅛	92⅜	+⅛	8.85
EUROFIMA 6 1/4 98	400	85⅛	85⅜		8.87
FELDMUEHLE FINANCE 8 99	200	92⅛	92⅜	+⅛	9.31
FERRO DEL STAT 5 3/8 93	500	93	93	+⅛	9.02
IND BK JAPAN FIN 5 5/8 96	200	84⅛	84⅝	+⅛	9.43
INTER AMER DEV 7 1/4 99	300	88⅛	88⅝	-⅛	9.20
LUFTHANSA INT FIN 5 7/8 98	500	82⅛	82⅝	+⅛	9.26
QUEBEC HYDRO 6 3/4 99	300	85⅜	85⅞		9.28
SWEDEN 6 1/8 98	300	84	84	-⅛	9.20
WORLD BANK 0 15	2000	13½	13⅝		8.30
WORLD BANK 5 3/4 96	300	85⅞	86	-⅛	9.23
WORLD BANK 7 1/8 95	500	93⅜	93⅝	-⅛	9.08

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AIR CANADA 6 1/4 PERP	300	53			11.78
ASIAN DEV BANK 6 10	100	80⅛	81⅛	-⅛	7.95
AUSTRIA 4 5/8 98	100	86⅛	87½		7.11
COUNCIL EUROPE 4 3/4 98	250	84½	85½	-1	7.59
EEC 5 1/2 00	100	85½	86½		7.61
EIB 5 3/4 93	100	96⅛	97	-⅛	7.00
FINLAND 5 3/8 95	150	93	94	+½	7.09
GENERAL MOTORS 7 1/2 95	100	101½	102		7.09
JAPAN DEV BK 5 1/2 94	100	94½	95½		7.45
MOUNT ISA FINANCE 5 3/4 94	100	79½		-½	13.42
NEW ZEALAND 4 7/8 99	200	83	83½		7.73
QUEBEC HYDRO 5 08	100	75	76		7.64
SKANDINAVISKA ENSK 6 1/2 95	100	95½	96½	-½	7.79
WORLD BANK 5 03	150	80⅛	81	-⅛	7.45
WORLD BANK 7 1/4 92	100	101	101¼		6.57

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	92⅛	92⅝	-⅛	7.51
CANADA 4 3/8 92	80000	95⅛	95⅜	-⅛	7.64
CREDIT FONCIER 5 1/4 94	20000	91⅞	92⅛	-⅛	7.69
DENMARK 7 95	40000	98⅜	98⅝	-⅛	7.45
EIB 4 5/8 94	40000	91⅛	91⅝	-⅛	7.51
GENERAL ELECTRIC 5 3/4 93	35000	95⅛	95⅜	-⅛	7.98
INTER AMER DEV 7 1/4 00	30000	99	99¼	-⅛	7.39
ITALY 5 3/4 92	150000	97¾	98	-⅛	7.62
KANSAI ELEC PWR 4 5/8 94	60000	91	91¼	-⅛	7.65
NIPPON TEL & TEL 5 7/8 96	50000	92⅜	93	-⅛	7.44
NORWAY 5 1/8 95	50000	91⅛	91⅝	-⅛	7.48
SWEDEN 5 5/8 95	30000	92⅜	92⅞	-⅛	7.58
WORLD BANK 6 3/4 00	50000	95⅛	95⅜	-½	7.41

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	91⅝	92⅝		10.09
KREDIETCORP 7 93 LFr	1000	92⅞	93⅞		10.07
WORLD BANK 8 96 LFr	1000	91¼	92¼		10.01
ALBERTA, PROVINCE 10 92 C$	500	97⅛	97⅝		11.72
BCE INC 9 5/8 93 C$	300	95⅛	95⅝	+⅛	11.88
BELL CANADA 10 5/8 99 C$	150	93⅛	93⅝	+⅛	11.89
BRITISH COLUMBIA 9 1/4 93 C$	150	95	95½		11.78
EIB 10 1/8 98 C$	130	93⅞	94⅜		11.37
FORD CREDIT CANADA 10 94 C$	100	92⅞	93⅛	+⅛	12.49
GENERAL ELECT CAP 10 1/4 93 C$	175	96½	97	+⅛	11.72
MONTREAL TRUSTCO 8 1/2 92 C$	100	93⅞	94⅜	-⅛	13.17
ONTARIO HYDRO 10 7/8 99 C$	500	95⅛	95⅝	+⅛	11.79
QUEBEC PROV 10 1/2 98 C$	200	92⅛	92⅝	+⅛	12.07
ROYAL TRUSTCO 10 1/4 93 C$	100	95⅛	95⅝		12.52
SWEDEN 9 3/4 93 C$	250	96⅛	96⅝	+⅛	11.50
AUSTRIA 7 3/8 93 Ecu	125	93½	94⅛	+½	10.54
CNT 7 3/8 93 Ecu	250	91⅞	93⅛		11.05
CREDIT LYONNAIS 9 96 Ecu	125	90⅞	92⅝	-1⅛	11.28
DENMARK 7 5/8 96 Ecu	250	88	88½		10.61
EEC 7 5/8 94 Ecu	200	92⅞	93⅜	+⅛	10.25
EIB 10 97 Ecu	1125	98⅜	98⅞		10.26
ITALY 10 3/4 00 Ecu	1000	101⅜	101⅞		10.45
SWEDEN 7 1/2 93 Ecu	250	90⅞	91⅞	-⅞	11.22
BMW FINANCE 14 1/2 92 A$	100	101⅛	102⅛	+⅛	12.93
COUNCIL EUROPE 13 93 A$	50	100⅝	100⅞	+⅛	12.71
EKSPORTFINANS 12 3/8 95 A$	75	100	100½	-⅛	12.32
FORD CRED AUST 13 93 A$	50	99⅛	99⅝	+⅛	13.36
ICI 15 1/2 92 A$	100	102⅛	102⅞	+⅛	13.54
MCDONALDS CANADA 15 95 A$	100	105	105½	+⅞	13.42
NAT AUSTRALIA BANK 14 3/4 94 A$	150	103½	104		13.29
STATE BK NSW 14 1/4 99 A$	100	103⅝	104⅛	+⅛	13.51
VOLKSWAGEN INTL 15 94 A$	100	104½	105	-⅛	13.21
ABBEY NATL TREAS 13 3/8 95 £	100	102⅞	103⅛		12.42
BARCLAYS JERSEY 9 1/2 93 £	250	94⅝	94⅞	+½	12.13
BRITISH GAS 12 3/4 95 £	150	102⅝	103	+⅛	11.89
DEUTSCHE BK FIN 11 94 £	225	97⅞	97½	+⅛	12.00
EIB 10 97 £	300	90⅞	91⅛		12.14
FORD CREDIT FUNDING 9 5/8 93 £	50	93⅛	93⅝		12.96
INTER AMER DEV 11 3/8 95 £	75	98⅛	98½		11.88
ITALY 10 1/2 14 £	400	85⅞	86¼	-⅛	12.34
LAND SECS 9 1/2 07 £	200	73⅛	74⅛	-⅛	13.53
LEEDS PERMANENT 9 1/4 93 £	50	93⅛	93⅝	+⅛	12.49
NORWAY 10 1/2 94 £	200	95⅞	96⅛		12.05
ROLLS-ROYCE 9 5/8 93 £	150	93⅜	93⅞		12.66
SAINSBURY 10 7/8 93 £	100	96⅞	97⅜		12.56
SKANDINAVISKA ENSK 13 1/8 95 £	100	102⅛	103	+½	12.37
WORLD BANK 11 1/4 95 £	100	98⅛	98⅝	+⅛	11.76
ABBEY NATIONAL 0 96 NZ$	100	45	47		14.47
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	98⅛	99⅛		13.64
AIDC 7 7/8 93 FFr	600	93⅛	93⅝		10.64
CREDIT LYONNAIS 10 95 FFr	2000	97⅝	98⅛	+⅛	10.65
EURATOM 7 5/8 98 FFr	500	84⅛	85⅛	-⅛	10.65

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.92	100.02	13.9375
ALBERTA PROVINCE 1/32 93	500	99.92	100.02	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.66	99.71	13.9550
BANCO ROMA 0 03 01	200	93.00	93.96	8.4675
BANCO SANTO SPIRITO 93	200	99.53	99.63	8.4375
BELGIUM 1/16 97 DM	500	99.95	100.05	8.8125
BFCE -0.02 96	350	99.71	99.81	8.4175
BNP 05	300	97.61	97.81	8.0000
BRITANNIA 1/10 96 £	150	99.59	99.64	13.9750
CCCE 06 ECU	200	99.93	100.04	10.3906
CITICORP 1/4 98	500	79.50	82.00	8.3125
CITIZENS FED 0.15 96	100	99.50	99.80	8.2125
COMMERZBK O/S FIN 93	200	99.57	99.67	7.9375
DENMARK -1/8 96	1000	98.90	99.00	8.0000
FERRO DEL STAT 94	200	100.25	100.34	8.2500
HALIFAX 1/10 94 £	200	99.77	99.82	15.1000
MITSUI FIN ASIA 1/8 96	100	99.56	99.66	8.1875
MORGAN (JP) 1/4 97	250	98.55	98.95	8.5000
NAT WEST FIN 3/16 05	400	94.13	95.13	8.3125
NEW ZEALAND 93	500	99.39	99.51	8.0625
NORTHEAST SAVINGS 1/10 96	150	99.50	100.00	8.1625
QUEBEC PROV 01	300	96.95	97.05	8.1250
RENFE 98	500	99.31	99.41	8.5000
SOCIETE GENERALE 96	300	98.54	98.64	8.0000
UNITED KINGDOM -1/8 96	4000	99.99	100.04	8.2500
WELLS FARGO 1/16 94	150	91.00	95.00	8.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	103⅛	104½	+22.97
ASDA-MFI 4 3/4 02 £	100	1.64	109	110¼	+39.66
BURTON GROUP 4 3/4 01 £	110	3.15	100	101⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	92⅛	93	+18.55
GOLD KALGOORLIE 7 1/2 00	65	1.0554	70⅛	71⅛	+29.38
GOODYEAR TIRE 6 7/8 03	150	80⅛	54⅞	56⅞	
GRACE (WR) 6 1/4 02	150	42¼	73⅞	74⅞	+52.74
GRAND MET 6 1/4 02 £	100	6.58	88½	89½	+5.69
HAWLEY 6 02 PREF	400	1.91	91⅞	93⅛	+31.19
HILLSDOWN 4 1/2 02 £	150	4.16	101⅞	103	+70.20
INTL PAPER 5 3/4 02	200	68½	83	84	+18.45
LAND SECS 6 3/4 02 £	84	6.72	82⅛	83⅛	+7.19
MITSUBISHI BK 1 3/4 02	300	2727.1	75⅛	77½	+0.41
OGDEN 6 02	85	39.077	75⅞	76⅞	+75.70
PACIFIC DUNLOP 6 3/4 97	75	3.749	101	102	+3.29
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	76⅞	77⅞	
THORN EMI 5 3/4 04 £	103	7.45	100½	101¼	+26.69

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

LEGAL NOTICES

IN THE MATTER OF NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION LIMITED ("NEMIGIA") IN LIQUIDATION AND IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN pursuant to rule 4.54 of the Insolvency Rules 1986, that a meeting of creditors of NEMGIA is called for 28th November 1990 at 11.30am at The Chartered Insurers' Institute, 20 Aldermanbury, London EC2, England, to form a liquidation committee. If you wish to attend this meeting, please notify the liquidators in writing at KPMG Peat Marwick McLintock, 20 Farringdon Street, London EC4A 4PP, England, by 12 noon on 23rd November 1990 and provide a statement (or estimate) of your claim.

Dated 1st November 1990

Ian Glendinning Watt and Anthony James McMahon
Joint Liquidators

REVERUZZI DEVELOPMENTS LIMITED

Registered number: 2439543
Former company name:
Arrangrove Limited
Nature of business
Development Company
Trade classification: Other transport and communication
Date of appointment of joint administrative receivers
5 October 1990
Name of person appointing the joint administrative receivers
Barclays Bank plc
JOSEPH PATRICK CONSIDINE and Richard Anthony Smart
Joint Administrative Receivers
(Office holder nos 058 and 2881 of Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

ART GALLERIES

MICHAEL PARKING GALLERY. 11 Motcomb St, SW1. 071 235 8144. Paul Stevensons 'The Chair' last day.

INTERNATIONAL CAPITAL MARKETS

Liffe to launch Ecu bond futures contract in March

By Deborah Hargreaves

THE London International Financial Futures Exchange (Liffe) said yesterday that it will launch an Ecu bond futures contract in March. The announcement follows the launch of a similar product last month by the Matif, Liffe's rival European market.

Mr Michael Jenkins, chief executive at Liffe, believes that, although Ecu products may take some time to get off the ground, they are potentially an extremely important area. "We're taking a medium- to long-term view, it's not the type of contract that will attract all the liquidity just by being launched first," he said.

The Ecu bond contract at Liffe will augment the existing three-month Ecu interest rate contract so that users will be able to hedge both the long and short ends of the Ecu yield curve. The announcement of the futures contract's launch comes just as the UK government is considering selling gilts denominated in Ecu, which will give a boost to the cash market.

The French government launched the largest-ever issue of Ecu bonds on Tuesday when it sold Ecu1.5bn of paper. This and other national issues are the sort of bonds that can be delivered into both contracts at Liffe and the Matif.

France's state-owned savings bank Caisse des Dépôts et Consignations (CDC) is to start making markets in Ecu-denominated Euro-issues from November 30, Reuter reports from Paris. The CDC helped to develop the Ecu bond futures contract launched in October by Matif.

Matif's Ecu bond futures contract has been trading since the middle of October and has reached an average daily volume of 1,500 lots, but will need to establish itself further if it is to become a liquid hedging tool. Mr Gerard Pfauwadel, chairman of Matif, said yesterday that the similarity of the specifications on the two exchanges' contracts could mean both are heading in the right direction to attract institutional use.

The specifications for Liffe's contract differ slightly from those of the Matif product, but essentially the contracts are the same. But while Matif has a committee of banks to advise it on which bonds to include, Liffe has rules which dictate the inclusion of any bond and add to the transparency of the contract.

The obvious difference between the two is that Liffe's contract is twice the size of Matif's. Each Liffe contract will be worth Ecu200,000. The larger size is important for getting floor traders interested, according to Mr Jenkins.

In addition, the Matif has a formula for working out the weighting that individual bonds will hold inside the contract, but Liffe will give equal weight to all bonds included.

Liffe has also said it will introduce a system of designated marketmakers for trading its three-month Ecu futures which, since its inception a year ago, has limped along with a daily volume of only 100-200 lots. The marketmakers, who include Banque National de Paris, Kredietbank, Istituto Bancario San Paulo di Torino and UBS Phillips & Drew, should add liquidity to the product.

Citicorp in $275m stock redemption move

By Karen Zagor in New York

CITICORP, the biggest US commercial bank, yesterday said it would redeem $275m of its $950m of auction rate and re-marketed preferred stock outstanding.

Mr Brent Erensel, senior bank analyst with Donaldson, Lufkin & Jenrette in New York said: "Citicorp is making the best of an unfortunate situation."

In the last two weeks, the embattled New York bank has sharply increased the dividend rate on these issues in an attempt to attract buyers who have been frightened by the bank's disappointing third-quarter results and large write-offs on property and other commercial loans.

The variable preferred stock, bought mainly by corporations, is re-priced at short intervals and each issue has an interest rate cap, expressed in terms of a percentage of the double-A commercial paper rate. One or more of the issues of Citicorp's variable preferred stock is re-priced every week.

But with $227bn in assets and more than $8.5bn in common equity, Citicorp uses this market for only a small part of its funding requirements.

Citicorp said yesterday that the stock redemption would bring the amount outstanding to a level more in line with market demand and it expects the move to improve rates paid at re-pricing auctions on the remaining $675m of the stock. It said it will keep its options open for future auctions and it may call further amounts of its auction or remarketed rate preferred.

Shares in Citicorp added $¾ to $11⅞ at midday yesterday. A year ago the stock traded at more than $30.

Eurofima comes with Ecu100m deal

By Simon London

TWO opportunistic Ecu deals were launched into the international bond market yesterday following the success of France's Ecu-denominated government bond which was syndicated on Tuesday.

Eurofima came with an Ecu100m five-year offering via IBJ International, fungible with its existing Ecu200m deal, launched through Crédit Lyonnais in May this year.

The paper carries a 10⅜ per cent coupon and was priced at 102½. By mid-afternoon the issue was trading at a discount equivalent to full fees of 1⅞, where it offers a yield of 10.128 per cent.

In the secondary market, the outstanding Eurofima five-year paper was bid at 101.5 where it yields 9.918 per cent.

However, the issue was priced to yield less than some other outstanding five-year issues in the Ecu sector.

For example, the Republic of Finland's 10¼ per cent 5-year issue was yesterday offering a yield of 10.27 per cent. ABB Finance, the financing arm of Swiss/Swedish industrial concern Asea Brown Boveri, offered a short-dated Ecu100m deal via CSFB. The two-year paper carries a 10½ per cent coupon and was priced at 101.32 to yield 10.39 per cent.

Most other paper in the two-year Ecu sector is illiquid, offering yields in the region of 10.25 per cent. The ABB deal saw solid demand from Swiss investors and was trading at less 1⅛ bid, a discount equivalent to full fees.

Elsewhere, the European Investment Bank launched FFr1bn of new paper, fungible with its existing FFr1bn 10½ per cent eight-year issue opened in March this year.

The new paper was offered through BNP at an issue price of 100.83, where it yields 40 basis points over equivalent French government paper. The deal traded at less 173 basis points bid, just inside full fees of 175 basis points.

In the Australian dollar sector, investor demand fuelled by redemption of outstanding bonds continues to outstrip supply. Currency and interest rate swap opportunities have closed up in the past two months and only borrowers with a requirement for unswapped Australian dollar paper are active in the market.

Yesterday, ICI Australia came with a A$75m four-year deal via Hambros. The paper offers a coupon of 13½ per cent and was launched at 101⅝.

Good demand saw the paper bid at 140 basis points less than the issue price, compared with full fees of 175 basis points.

Market participants suggest that recent falls in the value of the Australian dollar on the foreign exchange markets may increase the flow of funds being re-invested in Australian dollars, as investors will be unwilling to crystallise a currency loss.

For example, the Australian dollar has fallen from DM1.27 a month ago to DM1.15 yesterday.

However, there remain few borrowers willing to issue bonds in Australian dollars until swaps opportunities improve.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
J.Sainsbury (Channel Is.)(g)§♦	200	8½	100	2005	2½/1½	S.G. Warburg Secs.
US DOLLARS						
Kobe Electric Railway(b)Φ♦	70	4⅞	100	1994	2¼/1½	Nikko Secs.
AUSTRALIAN DOLLARS						
ICI Australia(a)♦	75	13½	101⅝	1994	1¾/1⅛	Hambros Bank
ECUs						
ABB Finance Inc.(a)♦	100	10½	101.32	1992	1⅛/½	CSFB
Eurofima(c)♦	120	10⅜	102½	1995	1⅞/1¼	IBJ Int.
FRENCH FRANCS						
EIB(d)♦	1bn	10½	100.83	1998	1¾/1⅛	BNP
SWISS FRANCS						
BP America Inc.(a)★★♦	75	7½	101	1995	1½/1⅜	SBC
Algan(e)★★§	50	6	100	1995	1⅝/¾	Nomura Bk (Switz)
Toyo Radiator Co.(f)★★♦	50	5¼	100	1997	2/1⅞	Swiss Volksbank
YEN						
Osterreichische L'bank(a)♦	3bn	13.1	101⅛	1991	1⅛/⅝	New Japan Secs.

★★Private placement. §Convertible. ΦWith equity warrants. †Floating rate note. ♦Final terms. a) Non-callable. b) Coupon was indicated at 5¼%. Non-callable. c) Fungible with existing Ecu200mn deal launched May 1990. Non-callable. d) Fungible with existing FFr1bn deal launched March 1990. Non-callable. e) Put option 30/9/93 at 110⅛% to yield 9.179%. Coupon payable semi-annually. f) Early redemption 3/6/94 at 101¾% decreasing ¼% semi-annually. g) Conversion premium fixed at 13.8%. Non-callable.

SIB warns on soft commissions

By Richard Waters

FUND MANAGERS using cut-price soft commission brokers in London should take more care to ensure they are obtaining the best value for their clients, the Securities and Investments Board warned yesterday.

This follows an acrimonious price war in the fast-growing soft commission business, which involves fund managers promising a set amount of business to brokers in return for specified services.

Independent brokers claim that a number of integrated securities houses have used cut-price soft commission arrangements to secure business for their in-house market makers. This could undermine the "best execution" principle under which brokers should shop around to get the best deal for their clients, they say.

The SIB considered forcing integrated houses to channel their soft commission business through separate subsidiaries.

However, it feared that such a move could set an important precedent, raising the spectre of a return to the single-capacity days before London's Big Bang when brokers and market makers (then called jobbers) were legally separate.

"I don't known where you stop if you go down the subsidiarisation route," said Mr Richard Britton, SIB international director.

Instead, the SIB has issued a new rule telling fund managers that they should only enter into soft commission agreements with integrated houses if they have the necessary "skills, resources and . . . leverage in the marketplace" to make sure they are getting best execution. If not, they should use independent soft commission brokers.

It would be up to the clients of fund managers, and their advisers, to police the arrangements, Mr Britton said, adding: "If the deal looks too good to be true, then it probably is."

Integrated houses and independent brokers gave a cautious welcome to the SIB statement, each claiming it would help them to win business.

"Independents" such as Thamesway (owned by Barclays de Zoete Wedd) and Javelin said the SIB statement confirmed their claims that cut-price soft commission services were harmful to investors.

Integrated houses, whose cost-cutting has been led by Warburg Securities, said fund managers would use them, since to pay a higher commission to use an independent broker would be an admission to their own clients that the fund manager did not have the skills to tell whether or not it was getting a good deal.

Malaysian issue oversubscribed

THE flotation of 25 per cent of TA Enterprise, one of Malaysia's largest brokerage houses, was nearly 3½ times subscribed with M$257m chasing the M$75m issue, writes *Lim Siong Hoon in Kuala Lumpur.*

Sainsbury in convertible capital issue

By Simon London

SAINSBURY, the UK food retailer, yesterday launched its second issue of convertible capital bonds, instruments issued into the international bond markets but accounted for as equity.

The £200m offering, lead managed by S.G. Warburg, carried a coupon of 8½ per cent and was priced at par. The bonds convert into equity at 343p, a premium of 13.8 per cent over the share price before the deal was announced.

Launched at par, the issue was trading at 99 in late afternoon and was placed mainly with UK fund managers.

Sainsbury's pioneering £150m convertible capital issue in April 1989 carried a coupon of just 5 per cent and a conversion premium of 16 per cent.

However, the terms of yesterday's deal are markedly more aggressive than other recent convertible capital issues from UK retailers. For example, the last issue in the market, from rival food retailer Asda in early October, offered a coupon of 10¾ per cent.

According Mr David Roberts, Sainsbury treasury director, the issue will increase the company's issued share capital by 3.8 per cent. The bonds will be accounted for as a minority interest. Gearing will fall from around 40 per cent to 27 per cent by the year-end as a result of the issue, he said.

The legal structure of the bonds has also been refined since the first convertible capital bond was launched.

For example, the first Sainsbury issue allowed holders to convert into the preference shares of the issuing Channel Islands subsidiary and hold them – even though it was a highly unattractive commercial option. The terms of this latest issue mean that the offshore preference shares can only be held temporarily, as a spring-board into the equity of the parent company.

The most attractive feature for borrowers remains that coupon payments are tax deductible as on straight debt, while stated gearing is actually cut as a result of the issue.

Wall St trading begins in Greek wine company

By Kerin Hope in Athens

TRADING started this week on Wall Street in Boutari, a Greek wine company, through an American depository receipt (ADR) facility.

It is the first time a Greek company has used an ADR facility, according to Citibank Greece which advised Boutari and will act as custodian.

Boutari said the decision to seek a listing on the Nasdaq over-the-counter market was taken after two-thirds of a Dr3bn rights issue last May was acquired abroad. About Dr600m of the issue was taken up in the US, where Boutari is trying to raise its profile.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Nov 7 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Tue Nov 6 Index No.	Mon Nov 5 Index No.	Fri Nov 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (195)	685.92	-0.5	16.03	6.94	7.62	33.01	689.68	684.91	682.12	890.26
2	Building Materials (26)	936.55	-0.4	15.67	6.53	7.86	40.76	940.42	925.83	920.20	1064.74
3	Contracting, Construction (34)	1130.89	-0.4	16.65	7.08	7.80	58.72	1135.18	1120.08	1113.02	1406.77
4	Electricals (10)	1789.30	-0.5	15.71	7.52	7.79	99.22	1797.64	1770.15	1762.48	2535.38
5	Electronics (26)	1551.88	-0.7	10.73	5.52	12.76	58.75	1563.57	1556.82	1542.62	1977.58
6	Engineering-Aerospace (8)	392.21	-1.6	17.11	6.21	7.00	17.27	398.50	401.45	404.77	0.00
7	Engineering-General (47)	346.54	-0.1	17.11	7.44	7.02	17.45	346.81	348.06	347.17	0.00
8	Metals and Metal Forming (8)	396.88	-0.3	28.71	8.42	4.24	17.97	398.11	397.26	400.82	462.77
9	Motors (13)	265.41	-0.4	19.08	9.06	6.11	17.45	266.60	265.23	262.64	364.09
10	Other Industrial Materials (23)	1117.71	-0.6	15.06	7.29	7.67	60.96	1123.97	1114.75	1109.54	1655.92
21	CONSUMER GROUP (178)	1184.69	-0.3	10.31	4.32	12.00	33.03	1187.86	1180.63	1172.77	1253.02
22	Brewers and Distillers (22)	1479.48	....	10.57	4.00	11.46	33.62	1479.00	1476.95	1473.09	1403.95
25	Food Manufacturing (19)	987.41	-0.5	11.84	4.96	10.41	28.13	992.84	986.92	984.95	1097.72
26	Food Retailing (16)	2261.75	-1.5	9.24	3.23	14.11	52.68	2296.82	2279.77	2249.49	2314.61
27	Health and Household (17)	2431.86	+0.1	7.28	3.06	16.25	50.32	2428.46	2407.64	2387.05	2502.02
29	Leisure (32)	1180.11	-1.1	12.70	5.50	9.53	44.58	1193.03	1189.19	1180.89	1579.62
31	Packaging & Paper (12)	479.56	+0.6	13.42	7.26	9.15	23.79	476.58	475.05	473.84	531.16
32	Publishing & Printing (14)	2831.01	+0.2	12.58	6.66	9.97	137.99	2825.36	2840.56	2793.19	3607.56
34	Stores (34)	804.91	+0.1	11.05	4.61	11.76	23.86	804.03	793.38	788.27	778.90
35	Textiles (12)	409.47	-0.2	14.58	8.67	8.70	25.55	410.31	409.45	413.52	511.91
40	OTHER GROUPS (106)	949.49	-0.6	13.01	6.18	9.36	32.20	955.26	946.33	940.38	1108.64
41	Agencies (15)	932.34	-1.2	11.43	3.58	10.59	22.70	943.97	952.77	920.50	1495.89
42	Chemicals (24)	1001.18	-1.1	13.20	6.65	8.95	46.81	1011.97	998.82	991.27	1184.20
43	Conglomerates (14)	1245.44	-0.6	13.61	8.03	8.85	38.53	1253.37	1243.58	1226.49	1616.47
44	Transport (14)	1809.50	-0.1	13.42	5.80	9.44	67.29	1811.72	1795.27	1787.16	2160.59
46	Telephone Networks(3)	1053.63	-0.3	12.42	5.19	10.48	26.09	1056.95	1039.12	1039.34	1062.86
47	Water(10)	1947.20	+0.3	14.90	6.96	7.61	68.12	1941.85	1923.19	1928.50	0.00
48	Miscellaneous (26)	1502.70	-1.1	12.48	6.00	9.31	62.06	1519.53	1518.03	1513.01	1827.58
49	INDUSTRIAL GROUP (479)	989.89	-0.4	12.37	5.45	9.92	33.79	994.16	986.94	981.03	1132.87
51	Oil & Gas (21)	2294.26	-0.6	9.75	5.44	13.39	85.44	2309.03	2302.70	2273.14	2139.26
59	500 SHARE INDEX (500)	1096.54	-0.5	11.95	5.45	10.34	37.98	1101.65	1094.43	1086.69	1217.63
61	FINANCIAL GROUP (103)	676.73	-0.1	–	7.05	–	33.16	677.33	665.48	658.98	765.91
62	Banks (9)	715.64	+0.3	22.86	8.05	5.73	42.00	713.61	695.90	687.24	759.99
65	Insurance (Life) (7)	1265.74	-1.5	–	6.07	–	55.82	1284.37	1255.72	1239.28	1283.20
66	Insurance (Composite) (6)	575.76	+0.2	–	7.43	–	32.08	574.42	569.02	564.89	655.82
67	Insurance (Brokers) (8)	895.00	+1.6	8.40	7.18	15.60	41.94	880.99	881.52	882.07	1096.88
68	Merchant Banks (7)	345.79	-0.3	–	5.92	–	12.75	346.69	344.99	344.66	424.34
69	Property (45)	919.52	-0.6	7.96	5.31	16.57	27.11	925.07	909.73	899.87	1173.81
70	Other Financial (21)	243.52	+0.2	11.61	7.38	11.06	12.21	243.05	242.38	242.37	322.80
71	Investment Trusts (70)	998.41	-0.6	–	4.01	–	27.18	1004.18	1001.43	995.87	1205.42
91	Overseas Traders (5)	1056.67	-0.5	13.54	8.74	8.80	69.98	1061.50	1045.59	1036.92	1398.61
99	ALL-SHARE INDEX (678)	993.66	-0.4	–	5.65	–	36.43	997.79	969.77	982.44	1109.88

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 6	Nov 5	Nov 2	Nov 1	Oct 31	Year ago
FT-SE 100 SHARE INDEX‡	2059.2	-10.6	2070.5	2056.0	2069.8	2050.1	2030.7	2028.0	2050.3	2203.8

FIXED INTEREST

	PRICE INDICES	Wed Nov 7	Day's change %	Tue Nov 6	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.51	-0.02	118.54	–	10.71
2	5-15 years	123.58	-0.04	123.62	–	11.95
3	Over 15 years	123.60	-0.06	123.67	–	10.78
4	Irredeemables	138.90	-0.15	139.11	–	13.46
5	All stocks	123.72	-0.04	123.77	–	11.55
	Index-Linked					
6	Up to 5 years	156.82	+0.32	156.31	–	3.04
7	Over 5 years	141.03	+0.44	140.41	–	3.45
8	All stocks	142.10	+0.43	141.50	–	3.42
9	Debentures & Loans	101.75	+0.05	101.70	–	9.69
10	Preference	72.48	+0.05	72.44	–	5.84

	AVERAGE GROSS REDEMPTION YIELDS		Wed Nov 7	Tue Nov 6	Year ago (approx.)
	British Government				
1	Low	5 years	10.42	10.41	9.95
2	Coupons	15 years	10.79	10.77	9.66
3		25 years	10.81	10.79	9.58
4	Medium	5 years	11.37	11.35	11.01
5	Coupons	15 years	11.23	11.22	10.02
6		25 years	11.13	11.13	9.69
7	High	5 years	11.48	11.46	11.13
8	Coupons	15 years	11.44	11.43	10.23
9		25 years	11.39	11.41	9.83
10	Irredeemables	†	10.97	10.95	9.65
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.67	3.81	3.65
12	Inflation rate 5%	Over 5 yrs.	4.27	4.30	3.62
13	Inflation rate 10%	Up to 5 yrs.	2.48	2.61	2.83
14	Inflation rate 10%	Over 5 yrs.	4.10	4.13	3.45
15	Debs &	5 years	13.50	13.36	13.77
16	Loans	15 years	12.89	12.87	12.32
17		25 years	12.48	12.50	11.90
18	Preference	†	13.06	13.06	10.70

‡Opening index 2064.6; 9 am 2070.0; 10 am 2063.6; 11 am 2058.9; Noon 2056.4; 1 pm 2057.9; 2 pm 2059.2; 2.30 pm 2057.6; 3 pm 2057.6; 4.10 pm 2058.4; (a) 8.53am (b) 12.06pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	46	23
Corporations, Dominion and Foreign Bonds	0	6	15
Industrials	207	374	967
Financial and Properties	81	164	498
Oils	14	37	40
Plantations	0	0	10
Mines	32	30	91
Others	47	65	88
Totals	398	722	1,732

LONDON RECENT ISSUES

EQUITIES

[illegible]		

FIXED INTEREST STOCKS

[illegible]		

RIGHTS OFFERS

[illegible]		

TRADITIONAL OPTIONS

- First Dealings Oct. 29
- Last Dealings Nov. 9
- Last Declarations Feb. 7
- For settlement Feb. 18

For rate indications see end of London Share Service

Calls in Aviva Pet., Berisford Intl., Brent Walker, Control Securities, Cookson, Explaura, STC and Tusker Res. Put and call in Davy Corp.

LONDON TRADED OPTIONS

FT-SE 100 index futures drifted lower yesterday in thin trading as market participants waited for a series of important UK political events, while in traded options there was active dealing in STC and Rolls-Royce.

With Mrs Margaret Thatcher, the prime minister, delivering an important speech in parliament just before the market closed, dealing was subdued. The Autumn Statement and two important by-elections today also relegated most institutional investors to the sidelines. Waning speculation about a cut in interest rates, the decline on Wall Street and a rise in oil prices pushed the futures market lower. December closed at 2,089, down 21 points.

The premium which the December FT-SE had built up over the cash index was eroded as profit-taking and short-selling set in. By the close December was trading at a premium of 31 points to the spot market, against 44 in the previous session. Brokers calculate December should trade 25-30 points above the spot index to give a fair value of future dividend payments and the cost of finance.

In the traded options market, there was renewed bid speculation in STC after Northern Telecom said it was reviewing its 27 per cent stake in the company. Investors bought calls and sold puts on the talk that there may be a bid before the end of the year. A total of 4,338 lots changed hands, most of which were calls, with January 300 the most popular series.

Turnover in Rolls-Royce was swelled by out-of-the-money call buying, particularly of the December 180 series. Rolls-Royce traded 4,202 lots and was weighted towards calls.

In the FT-SE index options, turnover, at 6,098 lots was lower. But dealers noted a more bullish tone as some investors sold longer-dated puts.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*472)	420	62	82	85	4½	9	14
	460	33	53	58	16	22	29
	500	15	32	38	38	42	50
Trafalgar (*178)	160	28	32	34	10	16	22
	180	16	22	24	20	27	32
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Amstrad (*59)	50	11½	14	16	2	5½	5½
	60	4½	9	10½	4½	7½	9½
Barclays	330	32	47	52	9	17	22
[illegible]							

UK COMPANY NEWS

Allied Irish up 10% but warns on second half

By David Lascelles, Banking Editor

ALLIED IRISH Banks, one of the big two banks in the Republic of Ireland, has been hit by the economic downturn in the UK and the US. Although the effect was offset by strength on the home market, the bank warned yesterday that matching last year's result would be "a serious challenge".

AIB made I£121.3m before tax, equal to £110.9m sterling, in the six months to September 30, an increase of 10 per cent on the I£110m of the comparable period.

Net profit attributable to shareholders was £75.4m, a rise of 4 per cent.

Mr Gerald Scanlan, the group chief executive, described the overall result as "satisfactory". But he said it reflected the mixed experiences of the group's three marketplaces.

The Irish economy was not immune to the international difficulties and could slow down next year. "In these circumstances the achievement of last year's level of attributable profit (I£135m) is seen as a serious challenge," he said.

The Ireland division showed a rise of 10 per cent to I£71m. But the UK suffered a steep fall from I£21m to I£5.8m because of mounting bad loans and a depressed market. The bank has about 600 corporate customers in intensive care.

The US division also saw a fall in profits, from I£22m to I£12.9m, mainly because of bad debts related to real estate. AIB recently abandoned its $217m bid for Baltimore Bancorp because of the sharp deterioration of the US market, though it remains interested in opportunities to acquire American assets.

Paddy Dowling: expects an upturn in both the UK and US markets within two years

Mr Paddy Dowling, the deputy chief executive, said that conditions in both the US and UK markets were very difficult and it was hard to see when there would be an improvement. However, he saw an upturn in both markets within two years.

AIB made a I£160m rights issue to finance the Baltimore bid, which is now available for other purposes. But while this boosts the group's capital ratios, it reduced earnings per share from 12.7p to 12.1p.

The after-tax return on equity was 19.6 per cent, which was considered good in the present environment. The cost income ratio also showed an encouraging downward trend, from 64.2 per cent at the end of last year to 63.6 per cent.

See Lex

Bibby advances 17% to £33.5m

By Andrew Bolger

J BIBBY & Sons, the industrial and agricultural group, yesterday reported a 17 per cent increase in pre-tax profits to £33.5m in the year to September 29.

Sales rose 6.4 per cent to £548.32m and earnings per share increased by a little less than 23 per cent to 20.36p. A final dividend of 6.25p (5.75p) makes a total for the year of 9p, an increase of 5.9 per cent.

The company, which is majority-owned by Barlow Rand of South Africa, said the results demonstrated that the recovery in profits reported at the interim stage had been maintained.

All four operating divisions increased their operating profits. Paper and converted products saw profits recover from £1.41m to £3.52m. Science products made £15.58m as against £12.55m, materials handling made £13.53m (£11.96m), and the agricultural division made £6.75m (£5.81m).

Net interest paid increased by £2.7m to £5.98m as a result of six acquisitions and higher interest rates. The group spent £26.6m on acquisitions and £18.2m during the year, to leave year-end net borrowings at £32.5m, giving gearing of 24 per cent.

Mr Richard Mansell-Jones, chairman, said: "Economic growth is manifestly declining both in the UK and in the US.

"This generally adverse environment, coupled with the serious situation in the Middle East, makes it particularly difficult to look forward to next year with any degree of certainty.

"It is to be hoped, however, that the second half of next year will see more favourable conditions."

Gieves falls £1m into losses of £105,000

A DOWNTURN of £1m has left Gieves Group, the clothing and publishing combine, with a loss of £105,000 for the half year ended July 31 1990. But the full year should be profitable.

The loss was struck after exceptional charges of £216,000 and interest costs more than trebled to £585,000, and compared with a profit of £949,000 last time. Loss per share was 0.75p (earnings 4.4p) but the interim dividend is held at 1.5p.

Mr Tom Scruby, chairman, said overall the group would be profitable for the year, subject to the uncertainties of Christmas trading, which were heightened by the economic climate and the particularly difficult trading conditions at Redwood Press, the books and magazine manufacturer.

The second half would have to absorb a £250,000 redundancy programme at Redwood, and certain other exceptional costs including further pre-trading costs of the Milan clothing store which should open early next year.

Mr Scruby said the result was particularly disappointing when set against the background of the good performances achieved by three out of five trading divisions. Turnover rose 13.5 per cent to £27m.

At Redwood, sluggish markets restricted sales volume and weakened prices, and led to a trading loss of £231,000 (profit £417,000). Costs were being cut substantially, including the redundancy programme which had reduced the total number of employees at Melksham by some 20 per.

The chairman said record trading profits of £560,000 (£531,000) were earned by Gieves & Hawkes, the clothing retailer. In the UK there were increases in both sales and margins, although the latter was restricted by cost rises; the international business benefited from buoyant demand.

Chivers, the publishing and library services division, traded at a high level of activity to a point where sales and profits comfortably exceeded budget and were a record. Profits reached £593,000 (£391,000).

Impasse that could be hell for leather

Clay Harris on the effects of Hillsdown's stalled rescue of Strong

DEAD SHEEP can pack a powerful bite in industry as well as in politics.

Strong & Fisher, the UK's leading producer of fashion leather, is doomed to the abattoir unless its erstwhile saviour, Hillsdown Holdings, and government regulators reach an accommodation by today.

Mr Peter Lilley, trade and industry secretary, said on Tuesday that he would refer a rescue package which could give Hillsdown 70 per cent of Strong to the Monopolies and Mergers Commission today unless Hillsdown gave undertakings that it would sell Strong's 27.4 per cent stake in Pittard Garnar, the UK's only other quoted leather company.

Hillsdown, however, indicated it would walk away from Strong, even if this consigned the company to immediate receivership, rather than sell the Pittard shareholding.

No substantive conclusions were reached in separate meetings held yesterday by Strong and Hillsdown at the Office of Fair Trading. With neither the DTI nor Hillsdown prepared to back down, Strong's only temporary hope of survival is an extension of Mr Lilley's 48-hour deadline.

Strong's plight is belated revenge for Pittard, once the prime target in its takeover sights.

But Pittard is hardly in a position to crow. It has suffered from plunging leather prices this year and suspects it remains Hillsdown's ultimate prey. Strong just happened to be vulnerable.

Strong is more than just vulnerable; it is insolvent. Its unaudited accounts for the year to June 29 showed net liabilities exceeding £11m, and the company said last month: "Events since the year-end have led to a further deterioration in the balance sheet position."

Its banks, led by Hambros, are owed £48m. They have kept Strong afloat so far because of a complex rescue deal worked out over the past two months.

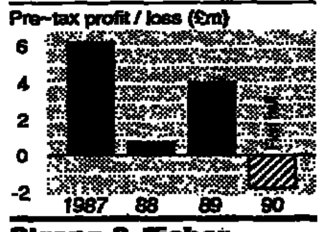
Hillsdown, the UK's largest abattoir operator, agreed to inject its skin processing and trading businesses, subscribe for shares and underwrite a rights issue. The banks, in turn, would write off £14m and convert £24m into equity in Strong.

If Hillsdown walks away, Strong is likely to collapse immediately, putting 1,400 jobs and £50m in exports at risk. Moreover, the banks will have lost more money than if they had been less patient and pulled the plug on Strong earlier.

Mr Lilley's decision was based on the effect on the UK markets for salted skins and pickled pelts, intermediate products between slaughterhouse and tannery. Fellmongers buy salted skins from hide markets or merchants and process them by removing the wool and then pickling the pelts.

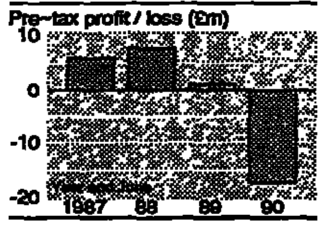
Pittard Garnar

Pre-tax profit / loss (£m)



Strong & Fisher

Pre-tax profit / loss (£m)



Hillsdown and Strong each owns three of the UK's 16 fellmongeries. Hillsdown has made no secret of its plan to close half of these if the deal goes through.

The showdown is taking place, however, on what appears at first to be the peripheral issue of Strong's shareholding in Pittard. These shares were Strong's undoing, and Hillsdown was the unintentional agent of its destruction.

The MMC cleared both Hillsdown and Strong to bid for Pittard in April 1989. Neither decided to do so, but Strong borrowed heavily to buy Hillsdown's 17 per cent stake in Pittard for £11m, or 302p per share.

Altogether, Strong's shareholding in its rival cost nearly £16m. With Pittard's shares languishing at 45p, the stake is now worth only £2.67m, but the whole of Strong itself – at the suspension price of 20p – is valued only at £3.74m.

In achieving such a good price for its Pittard shares and then emerging less than 18 months later to throw a lifeline to its victim, Hillsdown has been "tactically brilliant", one analyst said yesterday. But Hillsdown is more likely to have been opportunistic than prescient.

One adviser said yesterday: "If they pass us, they're dealing with a duopoly in competitive terms. If they don't pass us, they're dealing with a monopoly."

Moreover, the receivers' liquidation of Strong's stocks would put pressure on Pittard itself.

Some industry observers wonder why Mr Lilley chose to make this stand now, when he could have easily referred to the MMC – and then blocked – any subsequent bid by the Hillsdown-controlled Strong to take over Pittard.

They argue that the influence carried by a 27 per cent stake, with no board representation, is highly marginal compared with the question of Strong's survival.

Hillsdown's determination not to give up the stake reflects its view that it must preserve the potential economic value of all of Strong's assets, as it is taking over all of its liabilities. Even if Mr Lilley were to allow 12 months or longer for disposal, Strong would remain a forced seller.

But others wonder whether Hillsdown would actually prefer now for Strong to go to the wall, in the hope of picking up prime pieces more cheaply.

MARKET SHARES IN INTERMEDIATE LEATHER PRODUCTS (%) 1988

	Salted skins*	Pickled pelts‡	(Φ)
Hillsdown Holdings	29	22	(0)
Strong & Fisher	27	20	(23)
Pittard Garnar	22	20	(41)
Others	22	38	(36)

*purchases by fellmongers. ‡supply by UK fellmongers. Φpurchases by UK tanners.
Source: 1989 Monopolies reports using companies' data

It did not foresee that pickled pelt prices would plunge from £7 at the beginning of the year to less than £2 now. This was largely precipitated by Strong's dumping of stocks to relieve its borrowing position, a move which rivals like Pittard were forced to follow. As both companies plummeted into loss, and share prices followed the same trajectory, the Pittard stake meant Strong was doubly punished.

Hillsdown believes Mr Lilley is not seeing the wood for the trees by making the rescue conditional on disposal of the Pittard shares.

If Strong goes to the wall, it argues, Hillsdown's own loss-making fellmongeries, employing 120 people, might also be in danger. The UK could be left with only one integrated leather company, Pittard Garnar, and many jobs would be lost.

One independent fellmonger, who is sceptical of benefits of vertical integration in the leather sector, said yesterday: "If Strong & Fisher was allowed to founder, it would be a lot better for the industry."

The danger in this course, however, is that receivership could cost Strong important fashion customers, who need to be absolutely certain about the security of supply. They might be permanently lost to British leather producers.

Warner Howard shows 9% growth to £2.5m

WARNER HOWARD Group, Britain's leading commercial laundry and warm air hand dryer supplier, reported a 9 per cent improvement, from £2.31m to £2.51m, in pre-tax profits for the six months to August 31.

Mr Ronald G Hooker, the chairman, told shareholders that despite recessionary economic forecasts the board remained confident that the current pattern of trading would continue in the second half. He pointed out that profit margins had increased by 1.3 per cent to 29.1 per cent in the first half as a result of improved productivity and, to a lesser extent, the influence of stronger sterling.

The weakness in equipment sales was more than offset by growth in activities providing ongoing income. The rental sectors and Supplies and Services division performed well, as reflected by the hygiene rental contracts which increased by more than 20 per cent.

The chairman said substantial liquid funds and growing cashflow should provide adequate resources for the expansion and acquisition opportunities which were constantly sought and were now more likely to become available.

Turnover in the first half improved from £8.3m to £8.64m. After tax of £880,000 (£807,000) earnings per share were 7.08p (6.5p) and the interim dividend is raised 12 per cent from 1.56p to 1.75p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AIB ......int	3.5†♣	Dec 12	3.25	-	7.5
Bibby (J) ......fin	6.25	Jan 10	5.75	9	8.5
Gieves Gp ......int	1.5	Dec 21	1.5	-	4.2
McInerney Props ......int	nil	-	1.5♣	-	2.5
Sainsbury ......int	2.1	Jan 11	1.75	-	6.1
Stormguard ......int	nil	-	1	—	2
Warner Howard ......int	1.75	Jan 7	1.56	-	4.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish currency throughout.

UK COMPANY NEWS

Excalibur rights to fund expansion

By Maggie Urry

EXCALIBUR GROUP, the jewellery manufacturer, music merchandiser and engineer, is raising £8.5m through a rights issue to fund acquisitions of companies suffering in the recession. One purchase was announced yesterday and several more are under negotiation.

Mr Michael Griffiths, chairman, said yesterday: "The corporate climate has changed dramatically in the last eight to 10 weeks. There are very few buyers for any business at the moment and we will be well placed."

He said the group had already missed some opportunities to pick up businesses from receivers because Excalibur "could not walk in with a cheque".

The group had a high level of debt in its April 30 balance sheet and had hoped to reduce gearing to less than 70 per cent in the current year from cashflow.

The rights issue, a one-for-two at 45p, will bring gearing to less than 5 per cent.

Excalibur's shares fell 7p to 51p yesterday. Mr Griffiths said that the issue price would have been a few pence higher but for Monday's profit warning from Abbeycrest, a jewellery supplier, which depressed the Excalibur share price. He said his company was not suffering from the same difficulties as Abbeycrest.

The group forecast interim pre-tax profits, for the six months to end-October of £2m compared with £1.7m. Mr Griffiths said order books in the engineering business were strong, and the group was gaining market share in jewellery and giftware.

He forecast an interim dividend of 0.4p (0.3p), which the new shares will not be entitled to receive, and a total for the year of 1.8p (1.35p), a rise of 33 per cent.

The group is buying Price & Orphin, a Welsh engineering company which makes components for the aerospace and vintage car markets. Consideration is £1.3m for the business which has net assets of £1.5m including £700,000 cash. Price & Orphin made a pre-tax profit of £400,000 on sales of £1.7m in the year to May 31. Excalibur already has three precision engineering companies supplying the aerospace industry.

Further purchases of engineering businesses are likely and other acquisitions are expected to complement the group's jewellery and music merchandising activities.

Mr Griffiths said the group had a good record of buying businesses since he and his brother, Mr Richard Griffiths, managing director, moved into what was a small loss-making company in February 1987. Twenty-three acquisitions had been made, nine of which had been losing money heavily when taken over and had been turned round to profit.

The directors, who have 12.74 per cent of the group's shares, plan to take up as many of their rights as they could afford, stating a minimum of 777,778 new shares, costing £350,000.

The rights issue is conditional on shareholder approval. Samuel Montagu, the merchant bank, and Rowe & Pitman, the brokers, are advisers to the company.

Foseco US buy while waiting for Burmah

By Andrew Bolger

FOSECO, the UK speciality chemicals and abrasives producer which is currently the target of a hostile £236.8m bid, yesterday announced a $2.65m (£1.35m) cash acquisition in the US.

It is expecting a formal offer document this week from Burmah Castrol, the UK lubricants, fuels and chemicals group, which has made a cash offer of 275p per share. Foseco shares yesterday closed unchanged at 278p.

Foseco has bought the Certek Group of companies, based in the US, which maintains the refractory linings of coke ovens and copper converters whilst they remain hot – thus saving costs and enhancing productivity.

Bob Jordan: small but important acquisition

The UK group said that Certek's operations were complementary to Foseco's high-technology Fosbel business, in which the Belgian glass manufacturer Glaverbel holds a 49 per cent interest.

Mr Bob Jordan, Foseco's group managing director, said: "This is a small but important acquisition which will play a significant part in strengthening Foseco's technical lead and the geographical coverage of our growing Fosbel business."

Birmingham Mint and adviser rebuked by Panel

By Andrew Hill

BIRMINGHAM MINT and its adviser, Chartered WestLB, have been rebuked for not consulting the Takeover Panel about a significant order for new plant, placed by the electronics and engineering group after IMI had made a bid approach.

The Panel described the failure to consult as a "serious breach" of rule 21 of the Takeover Code, and said it had given IMI the option to lapse its £12m cash offer. The Midlands engineering group decided to go ahead.

Rule 21 says companies which suspect a bid may be imminent should not enter into material sale or purchase contracts without shareholder approval, unless they receive the Panel's consent.

Birmingham Mint had reached the final stages of approving a £1.22m investment in a new nickel-plating plant when IMI approached the group about a possible recommended offer on October 17, but the formal purchase order was not completed until October 25, three days after the hostile bid was launched.

IMI, which should issue its offer document in the next week to 10 days, said yesterday: "[The group] believes that this [investment] reduces the attraction of Birmingham Mint to IMI. Nevertheless, after a detailed review of the implications, IMI has decided that there remain sufficient benefits to justify proceeding with its offers."

The Panel accepted that Birmingham Mint had not gone ahead with the purchase in bad faith – for example, as a form of "poison pill" to deter IMI. It said the target company was obviously not familiar with the Code, but criticised Chartered WestLB for not advising Birmingham Mint fully of its responsibilities.

Chartered WestLB was brought in at the time of the bid because of a possible conflict of interest for usual adviser, Hill Samuel, but the Panel's statement suggested the short notice was little excuse for the breach.

Berisford reduces coffee stake

By Clare Pearson

THE FINAL piece of the jigsaw in the refinancing at Berisford International, the debt-burdened property and commodities group, is now in place following a restructuring of its coffee trading business, announced yesterday.

In a deal which takes $154m (£78m) third party funding off its consolidated balance sheet, Berisford has reduced its stake in Brazil-based Rayner Coffee International from 65 to 35 per cent, and also lined up fresh finance for the business.

Mr Murray Stuart, finance director, said that taken with the sale of the leasing division, announced last week, the deal had reduced net group borrowings by about £100m.

The arrangements also leave Berisford's board free to devote all its time to disposing of its assets, including British Sugar, the dominant subsidiary which has been put up for auction.

Mr Derek Allen, one of the longest-serving members of Berisford's board, is to resign but remain as chairman of Rayner, which is a partnership.

Rayner was left out of the refinancing package for the major part of Berisford's debts, now standing at about £1bn, which was completed in September. It operates in some 90 different countries, which made negotiations with its bankers, led by Chase Manhattan of the US, especially difficult and protracted.

Berisford has cut its share in the coffee partnerships by selling part of its holding for $5.2m and by recruiting new partners who, together with the management, have invested $10.7m. Earlier, it had hoped to reduce its stake to 17 per cent but this did not prove possible.

It has undertaken to provide about $33m to the partnerships and has given a subordinated guarantee to their bankers, the obligations of which depend on the performance of the coffee business up to June 30 1991.

Image Store pays £3.74m for Cellular Telecom

IMAGE STORE Holdings has announced the proposed acquisition of Cellular Telecom, subject to shareholder approval and the consent of the Stock Exchange for the new shares being issued to be traded on the Third Market.

Consideration for the acquisition will be the issue of 11m Image Store new ordinary shares. With Image Store shares based on a price of 34p this puts a value of £3.74m on the bid and an exit p/e of 8, applied to the warranted post-tax profits of £470,000 for each of the three twelve month periods ending on September 30 1991, 1992, and 1993.

The Panel has granted a waiver under Rule 9 of the City Code requiring a concert party to make a general offer to all shareholders.

The directors of Cellular have warranted that the subscriber base at the time of the acquisition would not be less than 6,000. It was expected that this would produce profits of £120,000 per month. Unaudited accounts for the three months to August 31 indicated turnover of £1.5m and operating profits of £350,000.

Stormgard falls into the red and passes dividend

STORMGARD, which is principally involved in the supply of printing products, stationery and office equipment, incurred a pre-tax loss of £75,000 after exceptional debit of £78,000 in the six months to September 30.

That compared with a £1.4m profit after an exceptional credit of £449,000.

Turnover for the period was marginally better at £25.72m against £25.52m. The corresponding figures have been restated.

The lower volume of sales had been exacerbated by a squeeze on operating margins as a result of intense price competition and raw material cost increases. Net interest payments were sharply up at £580,000 (£377,000).

Mr Holmes is cautious about prospects for the second half, expecting difficult trading conditions to continue. Meanwhile, the policy of disposing of the textile companies had continued with the sale in the first half of Richards lace business and Sefton Belts.

After a tax credit earnings were 0.04p (3.57p), but the interim dividend is passed (1p).

Correction
Reed International

Reed International has purchased only the Australian subsidiary of The Medicine Group (UK) Limited, and not all of the UK-based parent company as was reported in the Financial Times yesterday.

McInerney loses I£7.7m after substantial write-off

DIFFICULT market conditions in the UK hit McInerney Properties in the first half of 1990. The group lost I£2.26m and decided to provide I£5.5m against the market value of certain assets, making a pre-tax loss of I£7.76m, or £7.1m sterling.

The interim dividend is being passed. Last year the payment was 1.5p when pre-tax profit came to I£1.86m; by the year-end, however, that had been reduced to I£1.24m and then turned into a loss following a I£2.5m provision.

Trading results for the second half were expected to show some improvement, said Mr Thomas Hardiman, chairman. And he was hopeful 1991 would bring a return to profitability.

Operations in Ireland traded successfully and continued to generate significant profit contributions. However, substantial losses were incured in the UK and leisure markets; the asset write-down was mainly in UK commerciai property.

Mr Hardiman said the major task was the reduction of overall levels of working capital and indebtedness while seeking out markets for the future. A programme to reduce costs and improve competitiveness had been implemented.

In Ireland turnover in contracting increased significantly, housing demand remained quite good, and sales and lettings of commercial developments were steady.

Housing in the UK did well to maintain sales at much the same level as in 1989, but at severely reduced margins. The commercial market was affected even more severely.

On the leisure side, tourist traffic to the group's resorts in Portugal and Spain dropped. Conversion rates were below target and cancellations of deposits were high, reflecting reduced customer confidence in discretionary expenditure.

In the period turnover rose to I£50.37m (I£45.76m), of which Ireland accounted for I£33.52m. The loss per share was 47.3p (earnings 5.1p).

Barclays sells Irish leasing business

By David Lascelles, Banking Editor

Barclays has sold its Irish leasing business, Mercantile Credit Company of Ireland (MCCI), to Woodchester Investments, the Irish banking and finance company.

The sale is the first stage in the disposal of Barclays' Mercantile Credit business which was announced two months ago.

MCCI was established in 1946 and has gross assets in excess of I£100m.

The cost of the acquisition was not disclosed.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

TODAY

Interims- Appleby Westward, Hicking Pentecost, King & Shaxson, Premier Group, Smith St. Aubyn, Stanhope Properties, Storehouse, Weipec, Yale & Valor, Yorklyde.

Finals- Bellway, National Home Loans.

FUTURE DATES

Interims-	
Body Shop Intl.	Nov 13
Cable & Wireless	Nov. 21
Courtaulds	Nov. 20
Dowty	Dec. 11
Dunhill	Nov. 14
Gates (Frank G)	Nov. 16
Hartstone	Nov. 15
Jarvis Porter	Nov. 29
Land Securities	Nov. 14
Macdonald Martin Dists.	Dec 6
Marshalls	Nov. 13
Marston, Thompson	Nov. 28
Martin Currie Euro. Inv.	Nov. 20
Staveley Inds.	Nov. 15
Finals-	
Burton	Nov. 15
Control Techniques	Nov. 30
Eldridge, Pope	Dec. 4
F & C Eurotrust	Nov. 19
Ferry Pickering	Nov. 22
McCarthy & Stone	Dec. 14
Moran Hldgs	Nov. 12
Morland	Nov. 22
Whitbread Inv.	Nov. 20

UK COMPANY NEWS

Managing better by giving support to others

Andrew Jack talks to Richard White about the success of Serco's approach to management services

POINT MR Richard White to the support operations of any organisation and he says he can run them for up to 30 per cent less. His company specialises in making others' peripheral concerns into its profitable core activities.

Mr White is group managing director of Serco, a "task management contractor" with a nondescript head office in the London suburbs, but 3,400 staff in operations across the world, and a client list which includes the armed forces, the World Bank and Marks and Spencer.

The company began in the 1920s when RCA of the US set up a UK division to service cinemas. In the 1960's it built the missile early warning system at RAF Fylingdales, and won the contract to maintain the equipment.

After RCA was taken over by General Electric of the US, Serco's directors engineered a management buy-out in 1987, and obtained a London listing the following year.

It is not easy to visualise what Serco actually does. "We try to avoid saying that we offer a specific product," says Mr White. "We run a whole range of support services on behalf of customers. Whether it's garbage collection or radar maintenance, you need a management team."

Nevertheless, while many UK businesses are coming shamefaced to their results presentations, Serco announced pre-tax profits up 20 per cent and turnover up 30 per cent in its interim statement in August. In the last full year, pre-tax profits were £3.9m on a turnover of £58.6m.

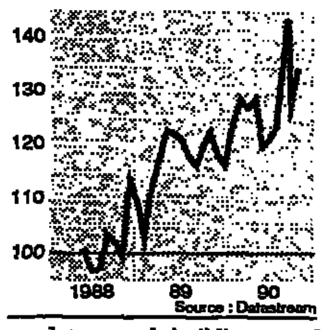
Its oldest client remains RAF Fylingdales in Yorkshire, where 250 Serco employees manage all the facilities, including computers, catering, transport and cleaning.

At Shoeburyness in Essex, where there is a Ministry of Defence experimental weapons range, "they do everything except pull the trigger and write the reports," says one analyst.

Many of Britain's road traffic management systems are designed and run by Serco engineers. In the private sector, Marks and Spencer has recently expanded its contract with the company to just over 100 of their stores, where it maintains air conditioning, escalators and buildings, and operates a 24-hour fault control centre.

Serco

Share price relative to the FT-A All-Share Index



Source: Datastream

Overseas, the company has won contracts to operate tourism and hotel training in Malta and the Caribbean, a vocational education plan in Turkey, and the procurement work for the Hong Kong University of Science and Technology.

"More and more companies want to concentrate on core functions," says White. Serco takes the ancillary operations, and makes them the focus of its management attention, which can save costs and produce better quality services.

At British Aerospace, for example, Serco has taken over reception and telephone duties, security and the in-house fire brigade. It decided to train the night firemen in security, which boosted their morale by keeping them busy, and eliminated the need for separate night security guards.

When Serco takes on a contract, it becomes the employer for all support staff. Offering the prospect of a career structure motivates employees, says Mr White.

Typically the transition results in staff cuts of around one-fifth, but salaries are generally maintained, and there has never been a strike during the transition, he claims.

Mr White sees no significant variation in the efficiency of these services between the public and private sectors. "I don't believe there are cultural differences. All large organisations evolve in the same way," he says.

Site managers are given a great deal of autonomy and offered technical support. In exchange, they are expected to meet financial and quality controls – which are regularly audited. Authority is delegated as far as possible "to retain the atmosphere of a small business which puts clients first."

Despite its concentration on government work, Serco has avoided so far contracts for services such as catering and cleaning awarded by local governments. The competition results in poor wages and conditions, Mr White believes, which are ultimately reflected in poorer quality service.

He sees the trend being towards local authorities contracting out an integrated set of services.

Serco has taken the initiative by entering into joint ventures with recently privatised Direct Service Organisations in Northamptonshire and Mid-Sussex local government.

Serco is not without its problems, however. The Ministry of Defence accounts for 48 per cent of turnover. But despite the thawing of East-West relations, Mr White seems unconcerned about the impact on business.

A new 3-year £15m contract just signed with the Royal Electrical and Mechanical Engineers Training School means MoD revenue is up on last year. Most cuts will be of uniformed staff on mainland Europe, he says, while Serco is based in UK research and development and training sites which are less likely to suffer as the military tries to sustain quality among its remaining forces.

Some analysts express concern that Serco's margins are low. The company replies that they are acceptable, and create a stable business by making them less vulnerable to competition. With a small capital base, the return on investment is also high.

Gearing has shot up to 55 per cent compared with 37 per cent last year as a result of the Direct Service joint ventures, mainly to pay for a fleet of vehicles. Nevertheless, the high rate of cash generation should soon bring the figure back down.

Serco's major expansion plans include far more work overseas – which currently accounts for only around 13 per cent of turnover. But as competitive tendering and contracting out – for good or ill – changes the operation of British government, there will still be plenty of work in the UK.

Trevor Humphries

Richard White: avoids saying he offers a specific product

Comac half-way loss increases to £66,000

COMAC Group, which provides specialist staff for the computer industry, saw its loss rise from £9,000 to £66,000 in the first six months of 1990.

The directors said every effort had been made to further reduce costs while still retaining the existing business.

The group is quoted on the USM and is backed by Hillsdown Investment Trust, which holds over 40 per cent of the capital.

Turnover for the period came to £5.44m (£5.09m) and operating profit to £7,000 (£48,000), while associates contributed £13,000 (nil).

Net interest charges were £86,000 (£57,000). Losses per share worked through at 1.08p (0.2p).

Elan income doubles to I£2.78m in first half

GROWTH has continued apace at Elan Corporation, the Dublin -based specialised health care and drugs group.

In the second quarter of 1990-91 pre-tax income doubled to I£1.38m (£1.26m), resulting in a figure of I£2.78m (£2.53m) for the six months to September 30, compared with I£1.36m.

Mr Don Panoz, chairman and chief executive, said the continued growth reflected improved performance from each of the businesses.

He attributed the results to the licensing and subsequent launch in the US of Verelan and to the continuing sales growth there of Cardizem SR.

Revenue for the second quarter was I£8.44m (I£8.16m) and for the six months I£20.26m (I£16.56m).

PUBLIC WORKS LOAN BOARD RATES

Effective November 7

Years	Quota loans repaid by EIP†	A††	at maturity§	Non-quota loans A* repaid by EIP†	A††	at maturity§
1			12¼			13
Over 1 up to 2	12¼	12¼	12	13¼	13¼	12¾
Over 2 up to 3	12⅛	12⅛	11⅞	13⅛	13⅛	12⅝
Over 3 up to 4	12	12	11⅞	13	13	12⅝
Over 4 up to 5	12	11⅞	11⅞	13	12⅞	12⅝
Over 5 up to 6	11⅞	11⅞	12	12⅞	12⅞	12½
Over 6 up to 7	11⅞	11⅞	12	12⅞	12⅞	12½
Over 7 up to 8	11⅞	11⅞	12⅛	12⅞	12⅞	12⅝
Over 8 up to 9	11⅞	11⅞	12⅛	12⅞	12⅞	12⅝
Over 9 up to 10	11⅞	12	12⅛	12⅞	12½	12⅝
Over 10 up to 15	12⅛	12⅛	11⅞	12⅝	12⅝	12⅜
Over 15 up to 25	12	11¾	11½	12½	12¼	12
Over 25	11⅝	11½	11½	12⅛	12	12

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

TECHNOLOGY

Floppies over the telephone

JAPANESE manufacturers were the first to improve the performance of the humble facsimile machine. Alfa Systems, a small UK company based in east London is hoping it can start a similar revolution in the way businesses communicate. It has developed a device that transmits the entire contents of a floppy disk over telephone lines.

Called Diskfax, the device is roughly the same size as a conventional fax machine. One unit is needed at each end of the telephone line, a disk is inserted, the telephone number of the receiving unit dialled and within seconds the information on the disk – graphics, text, or software – is replicated at the other end.

Michael Leadbetter and David Karlin, joint managing directors of Alfa Systems, have secured £500,000 in funding from 3i to help with costs.

Information of the kind held on floppy disks can be transmitted directly from one computer to another using a modem, but with difficulty. Setting up the system for an *ad hoc* transmission, Alfa claims, can take some hours even for communications experts. Diskfax packages the setting-up procedures and makes it simple for people with no data communication experience.

The company claims that the system is up to 20 times faster than conventional machines. They say that 40 pages of A4 text and graphics can be transmitted in one minute at a peak period cost of 90p; conventional fax would cost £20.

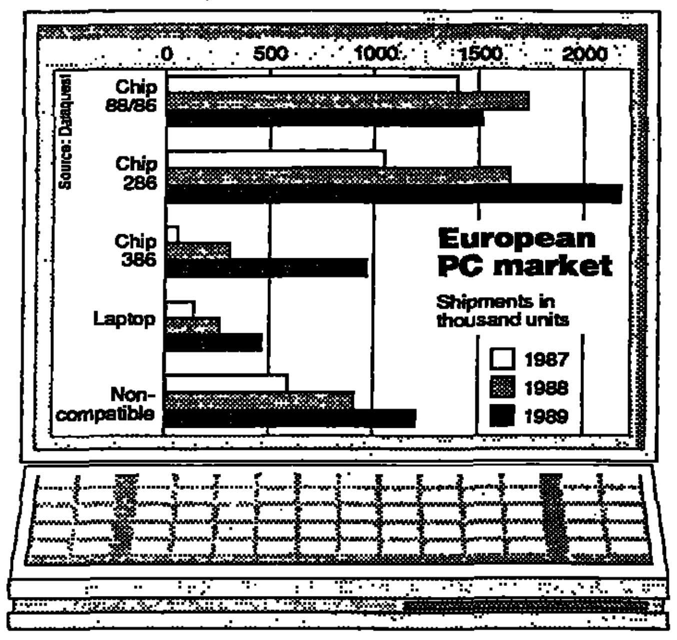
Other advantages of sending information by Diskfax is that it is fast, simple and secure – nobody can dial up a Diskfax machine and hack into a company's computer files. Furthermore, in a world where machine-readable information is becoming the norm, Diskfax data arrives ready to be fed into a PC or printed out.

There are two versions of the system, Floppy Diskfax at £995 and Hard Diskfax at £1,495. Alfa expects the device to excite interest in companies which move around large amounts of data and specialist companies in areas such as computer-aided design.

Alan Cane

Della Bradshaw looks at PCs in the life assurance industry

Speed is of the essence



There is a tale with a moral circulating in Britain's life assurance industry. When a salesman from one company turned up at the home of a customer, so the story goes, the sage client refused to admit him because he did not have a portable computer.

Although the story may be apocryphal, it demonstrates a perceived link in the consumer eye between the professionalism of the salesperson and the presence – or absence – of a portable computer. Perhaps as a result, a host of life assurance companies have this year announced their intention to equip their sales force with laptop PCs – less than 20 per cent of the UK's 100 or more companies use laptops today.

It was pressure from its sales force as early in 1982 that persuaded Allied Dunbar, the UK life assurance and unit trust group, to introduce PCs says Mike Brian, divisional manager in the sales, agency and marketing systems division.

Now more than half of Allied Dunbar's 5,000 plus salesforce carry portable PCs, running personal financial planning software to help the salesperson advise clients on the policies they need. As well as data such as age and salary, information on the general aims of the customer are tapped in, says Brian.

Other companies are eager to follow Allied Dunbar's lead. Sun Life of Canada, for example, now has 160 of its sales force of 1,350 using Compaq laptops with financial planning software. This software is particularly effective at demonstrating the needs of individual clients, says Michael Wells, manager of branch systems support. "The software would say: 'This is the amount of money which your widow would need if anything happened to you, and this is the premium you would need to pay'."

Rather than the client asking for a quotation and the salesperson supplying it, the two together feed the information into the laptop, which is seen as more objective, says Vesey Crichton, a major accounts manager at Compaq. "It changes the psychology of the sale," he claims.

The result is an increase in premiums received of between 30 and 45 per cent. Even more impressive figures were produced in a sales force survey carried out by Allied Dunbar to compare the efficiency of its PC users with non-PC users. In a sample group of sales people who joined the company in 1986 the PC users sold four times as many policies as their non-electronic peers in a four-year period up to 1990.

A second advantage of such software is that it helps sales people to comply with the financial services act, which stipulates that they should only sell the most applicable policy to a client.

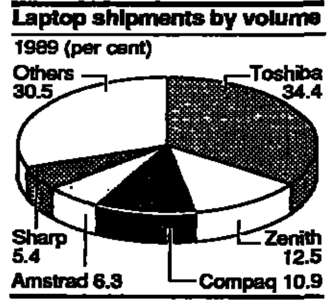
Financial services is one of the markets which has shown an affinity for portable PCs – auditors as well as insurance salespeople have taken to them like ducks to water. Other growth areas are in management consultancies, direct sales companies and utilities.

But one of the biggest potential growth area, says Nicholas Hall, marketing manager for PCs and printers at Toshiba Information Systems, is in replacing desktop machines.

With the emergence of small "palm top" electronic diaries and notebook-sized machines the portable is already beginning to take market share away from the desktop PC. Between 18 and 19 per cent of all PCs sold in the UK in the first part of 1990 were laptops, says Hall.

Laptop shipments by volume

1989 (per cent)



But this in no way compares with the enthusiasm for laptops which exists in Japan, where more than 50 per cent of PCs sold already fall into this category. That proportion is expected to grow to more than 70 per cent by about 1995.

Three factors have so far inhibited the take-up of portable machines in the office.

- The high price – from £2,000 for the smaller notebook machines to £3,500 for the more powerful models.
- Colour screens have been largely unavailable except for a few Japanese models – Toshiba will launch a machine today. The demand is growing for colour in business applications alongside graphical user interfaces, such as Windows. Without colour such applications are difficult to use.
- The lack of connectivity between the portable machines and the office networks has been a major inhibitor. This is now being overcome by the introduction of modems which allow PCs to send data via the phone lines. Software to enable PC users to transfer data directly from a desk-top machine to a portable or laptop one is now often built into machines – Laplink from Travelling Software is one example. Compaq has overcome the problem by launching a portable which "docks" into a desktop expansion unit, so the machine can have immediate access to a network, powerful disc drives and so on.

This ability of laptop machines to communicate with the office variety will prove particularly effective in the insurance sector, and how to do it is taxing the minds of many market leaders. "Most of them see it as critical," says Crichton.

If the sales force could plug their laptops into a phone line and communicate with the head office mainframe, they would then be able to send their policy information directly from computer to computer – without having to print it out, send it in the post and re-type it at the other end. That would reduce errors and speed up the issuing of policies, as well as enabling the salesperson to look up how much commission he or she had earned that week.

It would also enable the head office to send out software updates electronically. At the moment new software releases have to be posted out on discs. At Allied Dunbar there are, on average, six software releases a year, depending on new legislation and new types of products available. And there is always a release just after the Budget to take into account tax or allowance changes.

Brian acknowledges that the laptop is only a machine, and no substitute for a good salesman. "Some clients do expect our salesmen to have computers," he says. "But at the end of the day it's still down to the rapport between the customer and the client. We stress the box is just a tool to do the job."

A fruitless search for the perfect lightweight

Joe Rogaly takes a layman's look at laptop PCs

An ideal laptop computer would weigh 6lb (2.73kg) or less. It would have a large screen, a comfortable keyboard and the ability to play backgammon.

Its memory would be long, so it would have a hard disk. It should be able to take standard software and save work on floppies you can lock away. Build in a 3½-inch disk drive. The makers would understand that people are most likely to run it on mains power, since batteries rarely last as long as they are supposed to. Above all, it should be designed by people who understand the ordinary laptop freak's needs, not technicians who believe the world should be populated by humanoid robots.

This ideal does not exist. None of the laptops I have tried meets all the requirements listed above. Do not draw the wrong conclusion. Any of them would be welcome as a present. Never mind the price. You could pay between £2,000 and £4,000 whichever machine you buy, after all the add-ons, special software and optionals are included. These are not gadgets for spending your own money on; they are for getting other people to buy for you.

The most amazing is the Poqet. It weighs 1lb (0.45kg) and is about the size of a large cigarette case. Yet it is a true computer, IBM compatible, MS-Dos, Lotus 1-2-3, the lot. It runs for 100 hours, they say, on two AA batteries, the ones you buy for your camera. It could be workable for recording sales, and phoning the data in, and it might serve as an awayday notebook; you can link it directly to your desktop when you get back to the office. The screen is 2.8 by 6.9 inches and legible. But I could not use it. The distance between Q and P on its keyboard is nearly two inches (50mm) less than standard and you have to have toy fingers. To save battery power it runs on expensive electronic disks which do not need a drive. No hard disc, but an optional add-on 3½-inch floppy drive. When they make a model with a different keyboard and when Ram cards cost a hundredth of their present price (£399), I'll have another look.

Next lightest is the Sharp PC 6220, whose basic box is only 4.4lbs (2kg). It has a 20 MB hard disc and a keyboard that is only slightly annoying, but I could not make the screen as sparkling as on the heavier machines described below. It does boast the biggest of the screens – 6.1 by 8.1 inches. Extra boxes add on a numeric keyboard pad, or a 3½-inch floppy drive, or a battery pack; hence the low basic weight. There is something not quite satisfying about the way these boxes must be spread all around the main box. The feel of it is not quite solid. No question, I would have it as a gift, but as to spending my own money . . .

The Zenith MiniSport HD has a 20 megabyte hard disk, a workable keyboard (with the delete key where it overstretches your little finger) and a clear 3.25 by 8.4 inch screen. It comes in at just 6lb, including battery, and feels pleasantly light, but you need an extra box for when you use the floppy. This is neater than the Sharp's arrangement. Not unlike the *latter*, the *Zenith* demands that you are constantly aware of battery status, both rechargeable and lithium, and insists that you know whether you are in the A, C, D, or E drive. You will never know what happened to the B drive. Instructions are for the expert rather than the beginner. It is a perfectly OK machine, but getting to grips with it seemed too much hard work. Zenith fans may take to it more easily than others.

The technicians' laptop is the Compaq. It weighs just 6lb, although it feels heavier. Call it the Volvo of the trade. It is top of the price range. It has the best screen in the business, although at 4 by 7.9 inches not quite the largest. Its models come as the LTE or the LTE 286, the latter being more wizard but almost certainly over-specified unless you plan to use it to design a successor to the Boeing fleet. You can buy 40 megabytes, enough hard disk space to keep your company's management accounts plus dope on your competitors with you all the time – plus built-in floppy drive. This is not an extra piece, as in the cheaper machines, but right there as standard. The downside of the Compaq is its keyboard, which may suit two-fingered zappers, but not civilised touch typists. The Q to P stretch is standard, but some keys are awkwardly placed. As they used to say of IBM, you'll never be fired for buying a Compaq – but you could do better.

This is likely to be with a Toshiba, or perhaps a Panasonic. Poqet comes from California. Zenith is now European – that is, Groupe Bull. Compaq is America's best. Sharp, Toshiba and Panasonic are Japanese. This does not guarantee reliability, or durability – I know nothing about this since I had each machine for only a few days. It does indicate close attention to what makes potential customers happy.

The Toshiba T1000XE meets the 6lb standard easily (it is an ounce under). Its screen is slightly larger than the Compaq's – 4.9 by 7.7 inches – and nearly as good for graphics. It has a 20 megabyte hard drive, but you need an add-on for the floppy. This is neat and easily affixed. The accompanying instructions are clear. The keyboard is friendly; you feel the designers have either had access to a great deal of consumer research or spent many hours with qwerty themselves. It is a joy to use. The snag is Toshiba's insistence that you cannot run the machine without the battery in it. The old doubts about power run-down therefore persist and the cost of back-up battery packs becomes significant.

Panasonic's CF-170 has a 4.7 by 7.7 inch screen, hard disk, built-in floppy drive, and can run without batteries. It's cheaper, too: you could spend comfortably under £2,000 in all. Nearly perfect, but for its stripped-down feel, relatively insensitive keys and less than crystal-clear screen. As I said, there is no such thing as an ideal laptop.

Backgammon note: Nobody seems to sell this game on a 3½-inch disk. Pity.

COMMODITIES AND AGRICULTURE

EC relaxes rules to ease beef producers' problems

By Tim Dickson in Brussels

THE EUROPEAN Commission yesterday decided to relax key budget disciplines in the beef sector in a bid to help ailing producers.

Officials in Brussels privately admit that the move is politically embarrassing, in view of the commitment to try to keep a firm lid on EC farm spending and the negotiations taking place to cut back agricultural support in the trade talks known as the Uruguay Round.

They say, however, that the EC action is justified, given the exceptional market conditions of the last few months – falling consumption as a result of the "mad cow disease" scare, disruption in export markets because of the Gulf crisis, and an exceptional level of imports to the rest of the Community from the territory which used to be East Germany.

Yesterday's decision essentially allows guaranteed intervention purchases by the EC to continue under the normal tendering system beyond the 220,000 tonne per year limit agreed when reforms in the sector were introduced at the beginning of 1989.

So far this marketing year – which runs from April to next March – the EC has taken in around 214,000 tonnes and the expectation in Brussels is that the 220,000 tonne ceiling will be breached when bids are accepted at the next tender at the end of next week. In addition around 240,000 tonnes have been bought under the so called "safety net" arrangements which automatically require the EC to step in when prices in three areas representing 55 per cent of total Community production fall below 80 per cent of the official intervention price. These conditions have been met for some months in Ireland, Northern Ireland and the UK and more recently in Germany and Denmark.

The latest move is quite separate from the safety net and was made possible by a regulation adopted by member states in September this year. It is expected particularly to help producers of young bulls in Belgium, the Netherlands and Germany.

Amax pulling out of lithium project

By Leslie Crawford in Santiago

AMAX, THE US aluminium and gold producer, has decided to pull out of a $360m lithium project in Chile's northern Atacama desert.

Until last month, Amax appeared set to challenge the duopoly in world lithium production held by two other US companies – Cyprus Minerals and the Lithium Corporation of America (Lithco). However, following a strategic company decision to concentrate on its core businesses, Amax appointed NM Rothschilds to find a buyer for its 65.5 per cent stake in the Compania Minera Salar de Atacama (Minsal).

Its two other partners in the venture are the Chilean state holding company Corfo and Molymet, a small local molybdenum producer. Neither of them have the money to buy Amax's majority share.

A multinational mining company is reported to be interested in taking over the project, but the name of the buyer is not expected to emerge until the end of November.

Cyprus Minerals, currently the only lithium carbonate producer in Chile, is not though to be interested in bidding for Minsal. Lithco, which has just abandoned a lithium project in Bolivia after a row with the government, should have been the obvious candidate, but several factors have worked against this.

To begin with, Lithco was Amax's rival when the Minsal project was originally tendered in 1986, and is reported to harbour some lingering resentment.

In addition, only half of Minsal's revenues will come from lithium carbonate, as the project also envisages the production of potassium chlorate, potassium sulphate and boric acid. Lithco would only be interested in developing the lithium side of the venture.

"Lithco is hoping that the Minsal project will simply die," one mining expert in Santiago said.

However, if Minsal does find a new owner, it will pose a formidable threat to Lithco's operations. Its hard-rock mines in the US will not be able to compete with the lower-cost Chilean projects, which simply involve evaporating lithium carbonate from brines in the Atacama salt flats.

Minsal's feasibility studies were completed last year, and only a financial package is needed for the project to go ahead. It is scheduled to begin production in 1993 with 33m lb of lithium carbonate a year – about 25 per cent of total world production. Minsal and Sociedad Chilena de Litio, the Cyprus Minerals' subsidiary, will then supply 40 per cent of world demand and Chile will overtake the US as the leading producer of the earth's lightest metal.

Such a dramatic increase in the supply of a very specialised market – heat-resistant lithium is used in the production of aluminium, ceramics and glass – is likely to cause a fall in prices, but the Chilean ventures will remain profitable because of their low production costs.

Aluminium demand rise forecast

By Kenneth Gooding, Mining Correspondent

PRIMARY ALUMINIUM consumption in Europe will top last year's record 4.6m tonnes by at least 1 per cent, according to the European Aluminium Association.

Imports also seem set to rise because aluminium producers in the region remain working at close to capacity – the capacity utilisation rate is 99 per cent, according to the association. Production for 1990 will therefore be about the same as last year's 3.6m tonnes.

The association monitors the aluminium industries in Austria, Greece, Iceland, the Netherlands, Norway, Spain, Sweden, Switzerland and Yugoslavia.

● The capacity of Jamaica's largest bauxite refinery is to be doubled to 2m tonnes a year in the next five years, at a cost of $250m, writes Canute James in Kingston.

The plant, operated by Alumina Partners of Jamaica, which is owned by Kaiser Aluminum of the US and Norsk Hydro of Norway, will first be increased to a rated capacity of 1.6m tonnes a year, according to Mr Michael Manley, Jamaica's prime minister.

Mr Manley said agreement had been reached with the owners of the plant to start the expansion immediately. With the expansion of the refinery, Jamaica's installed refining capacity will increased to 4.1m tonnes a year. Mr Manley said also that discussions would begin this week with Alcan of Canada on the construction of a bauxite refinery on Jamaica's north coast.

Handsome profits for computerised cowboys

In the third article of her US farming series, Nancy Dunne looks at beef and dairy

THE DISTINCTIVE odour emanating from the Bar G Feedlot in Hereford, Texas, temporary home of 70,000 head of cattle, is overwhelming. Some say it is the sweet smell of money.

The Texas beef industry recently has been reaping handsome profits. Prices have been high. Supplies have been curbed by drought elsewhere in the country, a sector which is only cautiously rebuilding herds, and a government-set "trigger" level which, if exceeded, requires the US Agriculture Secretary to impose quotas.

The Bar G Feedlot is a neat, computerised, customised feed operation. The cowboys riding among the cattle carry pens and notebooks rather side-arms and communicate with each other over walkie-talkies or mobile phones.

Present day cowboys carry notebooks rather than side-arms and communicate over walkie-talkies or mobile phones

Mr Johnny Trotter, one of the Bar G's six owners, is proud of the lot, which painstakingly fattens young "feeder" cattle for slaughter, monitors their weight and calorie intake, doctors them when they are ill and even hedges them on the futures market. The operation manufactures its own feed; it keeps the yard clear of wastes which are loaded on trucks to be used as fertiliser on nearby farms.

As a committed entrepreneur, Mr Trotter favours a supply/demand driven US farm policy. The beef industry receives no direct subsidies but it is a beneficiary of the government's cheap grain policy, which depresses feed costs.

Mr Trotter believes the industry has survived in spite of government farm programmes rather than because of them. "When they decide to turn loose herds to graze on land reserved for conservation or raise or lower price supports or have wheat embargoes, that affects us."

A dairy termination programme in 1986, meant to reduce the cost of price supports for milk, paid dairy farmers to give up their herds. Livestock prices plunged when 10 per cent of the country's dairy cows went to slaughter or for export that year and another 4 per cent went in 1987.

Mr Trotter is an admirer of Mr Clayton Yeutter, the US Agriculture Secretary, but he fears that the Bush administration will trade off the interests of American farmers in the Uruguay Round of the General Agreement on Tariffs and Trade for gains going to other sectors.

"The people that are talking really have nothing to lose," he says. "They're using a guy like me or a wheat farmer out there as a playing card. Just the slightest adjustment in the Gatt talks can make or break people's lives."

Cattle production is big business in Texas, which accounts for about a quarter of the nation's supply. The state ranked first in production and third in the export of livestock and meat in 1989.

Integrating cattle with grain production has proved highly advantageous for Texas producers. Lois and Charles Wales, grain and beef producers in Dimmitt, expanded their holdings to 3,300 acres to take their two sons into the business just as the agriculture depression of the last decade struck.

"Our sons wanted to be farmers in the worst way," Mrs Wales says. "In hindsight I can say that we would never have let them if we had known what would come."

Throughout the decade the family has been stalked by debt, low commodity prices, rising costs and falling land values. But the moderate climate and their supply of underground water have made profitable two cattle operations. Their "stocker" operation is an intermediary business, in which they feed 500 to 2,000 cows, weighing 450 to 750 lb, and graze them on land planted for sorghum, maize and wheat. They feed 500 additional cows on a small growing yard.

Grain prices have been so low that the family agreed to participate in a conservation programme called "0-92", under which at least 8 per cent of the land is kept out of production. Producers can receive regular production subsidies on the rest of the land planted for programme crops. They can keep all they want out of production and receive partial subsidies.

This was useful for the Wales, who cannot receive the full value of the production subsidies owed to them – $96,000 – because of a $50,000 limit set by law. The cost of inputs is saved on the land left unplanted.

Their cattle has kept them afloat, but, Mrs Wales says: "My husband and sons have worked themselves silly. We're getting less for our wheat than my father got before the depression, but we're too much in debt to quit."

She said the family held on through the 1985 farm programme, which depressed prices to raise exports. But the 1990 farm programme continues the policy and, even, cuts government production subsidies.

Mrs Wales is an outspoken opponent of farm trade reform in the Gatt, asking: "Why is not enough for the American farmer to produce good food at a reasonable price? Why are we responsible for our balance of trade?"

Texas' dairy producers are just as opposed to administration farm trade policy. That industry is protected by a price floor, upheld by government purchases of dry powdered milk, butter and cheese. It cost the federal government $1.5bn at its peak in the 1980s. Lower price supports and reduced production have dropped costs to about $500m a year.

In Stephenville, Texas, dairy producers gather at a local feed store. Concern about a flow of out-of-state dairy farmers into the lucrative Texas market vied for worry about the Gatt.

Mr Joe Gore, owner of the store, said competition in the free enterprise system should encourage local competition and allow inefficient farmers to fail.

Mr James Traweek, who identifies himself as "jus' a dumb ol' farmer", says the Republicans have been wanting to shut down the American dairy business for the past 30 years. But he is even more angry with scientists, who "say something is bad for you every time you turn around. Meat is bad for you! Milk is bad for you! Cheese is bad for you!

"Who wants to live until you're 95 anyway and you can't get nobody to take care of you? I want to have a good life and have a good heart attack and be done with it!"

Mozambique mineral sands plan

By Kenneth Gooding

JOHANNESBURG Consolidated Investment Company, the South African mining group, is likely to join the relatively few big companies which control the western world's mineral sands industry by playing the major role in developing a US$102.3m project in Mozambique.

It is to take an option on the project from Kenmare Resources, the USM-quoted, Dublin-based exploration company, which has received offers from several companies after a "bankable" feasibility study on the Congolone project near Angoche on the northern Mozambique coast was completed last November by consultants Bain and Company.

The study concluded that the project could generate US$44m of annual revenue, nearly two-thirds of it from the production of two types of ilmenite. This contains titanium dioxide, the key ingredient in the production of pigments for paint, paper and plastics.

Just under a third of the revenue would be generated by zircon, used mainly in refractories (high temperature furnaces), ceramic glazes and steel foundries.

Subject to various government approvals, JCI will pay Kenmare a $500,000 option fee and then embark on a programme of further engineering, environmental, marketing and financing work, estimated to cost $2.4m and to be completed within a year.

If the option was exercised, Kenmare would receive a further $3.5m. JCI would provide the entire funding requirement for the project and Kenmare would receive a free carried interest of 20 per cent of the equity.

JCI also intends to investigate the downstream or value-added processing possibilities of the project such as the production of synthetic rutile from the ilmenite.

The feasibility study suggested ore could be mined at the rate of 2,500 tonnes an hour by a dredge floating in an artificial pond. It would then be concentrated in a plant floating behind the dredge, stockpiled and trucked to a separation plant (dry mill) located at the deposit. Here the concentrate would be separated into the various end-products, stockpiled and loaded directly into customers' vessels via a conveyer belt that would run along the project's own deep water jetty adjacent to the dry mill.

At full capacity the project would produce 188,000 tonnes of standard ilmenite, 235,000 tonnes of sulphate grade ilmenite, 8,000 tonnes of rutile, 35,000 tonnes of zircon and 1,000 tonnes of monazite a year.

Kenmare currently has a 71.25 per cent equity interest in the project, the Geological Survey of Yugoslavia – which identified the reserves – 3.75 per cent and the Mozambique government 25 per cent.

Broker lifts sugar output and demand estimates

By David Blackwell

THE WORLD sugar market remains broadly balanced, according to Czarnikow, the London brokers. It has revised its estimate of total production to 110.69m tonnes for 1990-91 from an initial estimate in August of 109.87m tonnes. Consumption for 1991 is put at 110.43m tonnes, compared with the August forecast of 110.08m tonnes.

"With the variations which are still possible in a number of crops before they are completed, the supply balance could still move in either direction over the next few months," says Czarnikow in its latest sugar review. "However, it is interesting that when our 0.6m tonne allowance for disappearance is factored in, it takes the situation marginally into deficit."

The production estimate for India has been raised by 250,000 tonnes to 12.25m tonnes, with consumption left at 11.4m tonnes. Czarnikow points out that stocks were rebuilt last season to levels sufficient to service consumption, leaving room for exports.

But while the Indian government is considering the export of 200,000 tonnes or more to earn much needed foreign currency, "the market is now below the levels ruling when the original authority was was granted, and details of any subsidy burden have yet to be agreed." The extent of Indian exports will be as much the result of political decisions as statistical considerations, Czarnikow says.

The Brazilian production estimate has been raised from an August forecast of 7.35m tonnes to 7.9m tonnes. While the Gulf crisis revitalised the logic behind the country's fuel alcohol programme, says the review, "this has not been sufficient to provide any additional cash incentives."

WORLD COMMODITIES PRICES

MARKET REPORT

Aluminium prices recovered some of the morning's losses in afternoon trading, but cash metal closed $11 down at $1,592.50 a tonne. Prices rose on heavy merchant buying and short covering. Many operators sold earlier in anticipation of a fall below support around $1,575 for three-month metal, but were forced to cover. Sentiment remains bearish as LME stocks, already at their highest since June 1983, are expected to rise further later this week. Tin closed around four-week lows amid lessening concern about supply tightness at the turn of the year. In Chicago soyabeans edged higher by midday on renewed trade talk that the Soviet Union has purchased or is tendering for 200,000 to 400,000 tonnes of US and South American soymeal. The pressing need for livestock feed in the Soviet Union is so great that the Soviets are apparently willing to pay cash to cover their needs without government backed export credits that they would get if granted most-favoured-nation trade status by the US, traders said. "The Soviets might as well give up and just pay cash, because Bush just isn't going to give it to them," a floor trader said.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$29.15-9.30y	+1.375
Brent Blend (dated)	$34.80-4.90	+1.50
Brent Blend (December)	$33.80-3.85	+1.525
W.T.I. (1 pm est)	$34.50-4.60y	+1.835
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$335-340	-5
Gas Oil	$311-313	+7
Heavy Fuel Oil	$128-130	+2
Naphtha	$296-302	+6
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$387.25	+7.00
Silver (per troy oz)♣	428c	+5
Platinum (per troy oz)	$423.0	-3.0
Palladium (per troy oz)	$94.45	-0.30
Aluminium (free market)	$1570	-60
Copper (US Producer)	119c	
Lead (US Producer)	50c	
Nickel (free market)	413c	+5
Tin (Kuala Lumpur market)	16.34r	+0.03
Tin (New York)	284c	-4
Zinc (US Prime Western)	70c	
Cattle (live weight)†	102.51p	*+0.01
Sheep (dead weight)†	167.67p	*+14.2
Pigs (live weight)†	78.71p	*+8.01
London daily sugar (raw)	$260.4q	+4.9
London daily sugar (white)	$306.0q	+2.0
Tate and Lyle export price	£240.5	+2.5
Barley (English feed)	£117.50	
Maize (US No. 3 yellow)	£159.00	
Wheat (US Dark Northern)	£87.00	
Rubber (Dec)♥	50.25p	
Rubber (Jan)♥	50.50p	
Rubber (KL RSS No 1 Dec)	239.0m	
Coconut oil (Philippines)§	$320w	
Palm Oil (Malaysian)§	$310.0	
Copra (Philippines)§	$220.0t	+5.0
Soyabeans (US)	£133.5	-1.0
Cotton "A" index	81.25c	-0.70
Wooltops (64s Super)	404p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Jan. u-Oct/Dec v-Nov. w-Dec/Jan z-Jan/Mar y-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Dec	246.00	219.00	225.00	220.00
Mar	217.00	219.80	221.00	215.80
May	217.60	219.80	220.40	217.00
Aug	219.60	220.00	223.00	219.00
Dec	219.40		222.00	
White	Close	Previous	High/Low	
Dec	303.0	307.5	305.5	300.0
Mar	299.0	304.0	303.7	297.0
May	298.9	303.0	303.2	296.7
Aug	301.4	303.4	306.2	301.8
Oct	284.9	286.4	289.2	285.1
Dec	281.9		281.6	
Mar	282.4		286.0	

Turnover: Raw 1101 (1304) lots of 50 tonnes. White 1929 (1196)
Paris- White (FFr per tonne): Dec 1525 Mar 1496, May 1497, Aug 1517, Oct 1437

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Dec	34.20	32.25	34.35	31.65
Jan	32.85	30.85	32.90	30.30
Feb	30.85	29.58	30.90	29.00
Mar	28.80	28.25	28.80	
Apr	27.72		27.72	
IPE Index	31.64	33.92		

Turnover: 9033 (14710)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Nov	302.00	291.50	302.75	287.00
Dec	290.00	280.25	291.00	275.75
Jan	279.00	271.50	279.00	265.50
Feb	264.00	256.00	265.00	253.00
Mar	249.50	241.00	248.50	236.00
Apr	233.00	229.00	233.75	222.00
Jun	221.00	222.00	221.00	

Turnover 8108 (8517) lots of 100 tonnes

WOOL
The latest reductions in support levels effected in New Zealand and by the British Wool Marketing Board disturbed and depressed the market. There can be little hope of confidence re-emerging as long as official bodies make such changes and involve any exposed traders or processors in stock losses. There are a few reports in Bradford of slight improvement in demand since then, however. Prices are well down to the new basis emerging, but with early delivery almost invariably specified it does seem that many firms have carried stock reduction as far as possible, and may need to maintain continuity.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	645	644	650	642
Mar	688	686	695	686
May	715	715	723	713
Jul	737	737	745	735
Sep	760	760	766	758
Dec	787	790	796	789

Turnover: 2481 (2543) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 6 873.57 (872.87) 10 day average for Nov 7 881.74 (894.16)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Nov	554	558	559	549
Jan	570	570	577	567
Mar	549	551	556	547
May	560	563	569	558
Jul	579	579	588	576
Sep	595	598	601	594
Nov	612		615	

Turnover: 3842 (3936) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 6: Comp. daily 70.16 (70.21). 15 day average 72.60 (72.87)

POTATOES – BFE			£/tonne	
	Close	Previous	High/Low	
Nov	72.0	65.0	70.0	
Apr	147.0	147.5	147.4	145.0
May	166.0	166.0	165.5	163.5

Turnover 251 (117) lots of 40 tonnes.

SOYAMEAL – HI-PRO			£/tonne
	Close	Previous	High/Low
Feb	116.50		116.50
Apr	119.50	120.00	119.50
Jun	119.50	120.00	119.50

Turnover 75 (50) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point	
	Close	Previous	High/Low	
Nov	1288	1295	1300	1290
Dec	1268	1290	1278	1258
Jan	1251	1230	1245	1239
Apr	1229	1216	1229	1202
Oct	1175		1176	
BFI	1309	1306		

Turnover 186 (117)

GRAINS – BFE			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	114.90		115.00	
Jan	119.00	119.00	119.00	
Mar	122.60	122.70	122.80	122.60
May	126.10	126.20	126.20	
Barley	Close	Previous	High/Low	
Nov	112.95		113.15	113.00
Jan	116.50	116.80	116.60	116.50
Mar	119.60	119.90	119.70	
May	120.80		120.85	

Turnover: Wheat 60 (39). Barley 132 (40).
Turnover lots of 100 tonnes.

PIGS – BFE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Nov	94.5		94.2
Jan	91.5	91.0	91.0

Turnover 15 (14) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 33,245 lots	
Cash	1590-5	1602-5	1585	1585-7		
3 months	1614-5	1619-20	1630/1578	1592-3	1625-6	66,168 lots
Copper, Grade A (£ per tonne)					Total daily turnover 25,531 lots	
Cash	1323-5	1320-4	1338/1328	1336-8		
3 months	1319-20	1316-8	1330/1320	1327-8	1328-9	110,718 lots
Lead (£ per tonne)					Total daily turnover 1,050 lots	
Cash	369-70	365-6	372.5/369	372-3		
3 months	375-5.5	371-1.5	378/372	377-8	374-5	11,180 lots
Nickel ($ per tonne)					Total daily turnover 1,034 lots	
Cash	8875-925	8875-925		8875-900		
3 months	8475-500	8450-75	8600/8500	8550-75	8500-50	7,729 lots
Tin ($ per tonne)					Total daily turnover 2,021 lots	
Cash	6100-20	6225-35	6200/6190	6170-90		
3 months	6130-40	6210-5	6220/6100	6190-200	6110-5	8,859 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 5,332 lots	
Cash	1268-70	1260-5	1272/1271	1272-3		
3 months	1273-4	1265-8	1277/1272	1274-5	1272-3	19,510 lots

LME Closing £/$ rate:
SPOT: 1.9785 3 months: 1.9515 6 months: 1.9293 9 months: 1.9108

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	387-387½	195¾-196¼
Opening	383¾-384¼	194½-195
Morning fix	383.50	194.552
Afternoon fix	385.00	194.887
Day's high	388-388½	
Day's low	383¼-383¾	
Coins	$ price	£ equivalent
Mapleleaf	396-401	200-203
Britannia	396-401	200-203
US Eagle	396-401	200-203
Angel	396-401	200-203
Krugerrand	386-389	195-197
New Sov.	91-93	46-47
Old Sov.	91-93	46-47
Noble Plat	428.05-434.90	216.90-220.35
Silver fix	p/fine oz	US cts equiv
Spot	214.35	422.65
3 months	221.80	431.40
6 months	228.30	439.45
12 months	241.45	456.90

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Jan	Dec	Jan
1500	121	125	12	16
1200	54	62	44	50
1700	18	24	107	110
Copper (Grade A)	Calls		Puts	
2550	107	110	33	64
2650	53	63	78	115
2750	22	32	145	184
Coffee	Jan	Mar	Jan	Mar
500	72	61	3	12
550	34	32	15	33
600	13	15	44	66
Cocoa	Dec	Mar	Dec	Mar
600	48	101	3	14
650	16	68	21	31
700	3	42	58	55
Brent Crude	Dec	Jan	Dec	Jan
3000		390		
3050			45	
3100				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Dec	387.9	388.1	391.5	385.6
Feb	392.0	392.0	395.0	389.5
Apr	396.0	395.6	398.0	393.2
Jun	400.2	399.5	400.2	395.2
Aug	405.0	403.2	405.0	397.5
Dec	411.0	411.2	411.3	411.0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Nov	415.1	426.8	0	0
Jan	419.1	431.7	425.5	418.5
Apr	423.6	436.5	430.0	424.0
Jul	427.8	441.2	433.5	432.5

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Nov	426.7	423.4	0	0
Dec	428.7	425.7	432.0	422.0
Jan	430.7	427.7	431.0	431.0
Mar	437.8	434.9	441.0	432.0
May	443.9	441.0	445.0	438.5
Jul	449.8	446.9	453.5	449.5
Sep	455.8	452.8	459.0	460.0
Dec	464.6	461.6	465.0	464.0
Jan	467.1	464.1	0	0
Mar	473.8	470.8	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	115.50	115.00	116.00	115.30
Dec	114.95	114.95	116.45	114.60
Jan	113.95	114.15	115.00	114.00
Mar	112.05	112.20	113.00	111.80
Apr	111.30	111.30	0	0
May	110.20	110.50	110.10	110.10
Jun	108.50	108.80	0	0
Jul	108.65	109.00	109.10	109.00
Aug	107.95	108.30	0	0
Sep	107.15	107.50	107.35	107.35

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Dec	34.30	32.69	34.75	32.35
Mar	30.25	28.91	30.41	28.80
Apr	29.20	27.81	29.20	27.72
May	27.95	26.91	28.30	26.80
Jun	26.85	26.21	27.30	26.40
Jul	26.20	25.61	26.50	25.90
Aug	26.00	25.11	26.00	25.27

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Mar	8366	8066	8366	8050
Apr	7940	7675	7975	7660
Jun	7300	7135	7320	7125
Jul	7225	7040	7250	7150
Sep	7345	7175	7345	7175

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1158	1151	1174	1153
Mar	1218	1213	1236	1214
May	1258	1258	1273	1255
Jul	1295	1297	1312	1287
Sep	1327	1329	1332	1330
Dec	1365	1369	1365	1365
Mar	1400	1404	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	85.85	85.85	87.25	85.40
Mar	89.85	89.70	91.00	89.25
May	92.45	92.25	93.20	91.70
Jul	94.65	94.30	95.25	94.00
Sep	96.50	96.25	97.00	95.95
Dec	99.20	99.10	99.75	99.75
Mar	100.25	102.05	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	9.68	9.60	9.84	9.65
May	9.64	9.86	9.81	9.65
Jul	9.68	9.84	9.81	9.65
Oct	9.68	9.85	9.80	9.66
Mar	9.75	9.85	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	73.67	71.83	73.85	72.95
Mar	74.18	72.33	74.20	73.08
May	74.71	72.92	74.92	73.55
Jul	74.75	73.01	75.00	73.65
Oct	67.68	67.20	67.50	67.50

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	117.50	115.50	117.50	114.80
Jan	116.25	112.40	116.50	112.25
Mar	117.50	113.50	118.25	113.50
May	117.25	113.25	117.25	113.75
Jul	117.25	113.50	117.25	116.00
Sep	117.00	113.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov 7	Nov 6	mnth ago	yr ago
1697.5	1694.2	1742.6	1887.3

DOW JONES (Base: Dec. 31 1974 = 100)				
	Nov 6	Nov 5	mnth ago	yr ago
Spot	123.37	123.10	128.91	129.87
Futures	127.84	127.02	130.80	130.72

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	582/0	575/6	582/4	576/0
Jan	597/4	590/6	598/4	591/2
Mar	612/0	606/0	612/4	605/4
May	625/0	620/0	625/4	619/2
Jul	635/4	631/0	636/4	630/4
Aug	636/0	631/6	636/0	632/4
Sep	621/0	620/0	622/0	620/0
Nov	615/4	611/6	616/0	612/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Dec	21.07	21.10	21.14	20.92
Jan	21.34	21.38	21.41	21.20
Mar	21.78	21.85	21.85	21.66
May	22.17	22.24	22.22	22.04
Jul	22.45	22.52	22.60	22.33
Aug	22.42	22.59	22.56	22.35
Sep	22.42	22.55	22.56	22.36
Oct	22.27	22.40	22.45	22.22
Dec	22.30	22.35	22.40	22.20

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Dec	177.4	174.9	177.5	174.9
Jan	180.2	177.5	180.4	177.7
Mar	184.3	182.1	184.4	182.5
May	187.0	184.8	187.2	185.4
Jul	190.0	187.8	190.0	188.0
Aug	191.0	188.7	191.0	189.0
Sep	189.0	186.5	189.5	187.5
Oct	185.0	183.2	185.0	184.5
Dec	186.2	184.7	186.5	184.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	230/2	230/2	230/4	229/2
Mar	240/4	240/0	240/4	239/2
May	247/2	246/4	247/4	246/0
Jul	252/6	251/6	252/6	251/0
Sep	251/4	251/0	251/4	250/4
Dec	251/2	251/4	251/4	250/0
Mar	257/2	257/4	257/4	257/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	265/6	265/4	265/6	264/6
Mar	280/4	280/4	280/6	279/4
May	288/4	288/6	288/4	287/4
Jul	293/2	293/6	293/4	292/4
Sep	298/2	298/2	298/2	298/2
Dec	309/4	311/0	309/4	309/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	77.60	77.57	77.82	77.35
Feb	74.65	74.80	74.97	74.60
Apr	74.92	74.95	75.10	74.72
Jun	72.72	72.72	72.85	72.55
Aug	71.27	71.30	71.45	71.25
Oct	71.52	71.62	71.67	71.50
Dec	72.30	72.25	72.30	72.30

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	53.72	53.82	54.25	53.50
Feb	51.18	51.27	51.60	50.70
Apr	47.92	48.12	48.55	47.82
Jun	51.70	51.60	52.00	51.47
Jul	51.95	51.97	52.20	51.85
Aug	50.10	50.15	50.25	50.00
Oct	44.85	44.85	45.20	0
Dec	44.90	44.90	45.20	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	69.97	68.25	70.25	68.45
Mar	69.20	67.37	69.37	67.90
May	69.12	67.55	69.55	67.80
Jul	68.25	66.62	68.62	67.15
Aug	66.00	64.00	66.00	65.20

2·5%

of the Madrid Stock Exchange. In one new active management group.

La Corporación Banesto is Spain's newest - and largest - private sector industrial company.

Formed on June 22nd, it brings together all of the industrial interests of Banesto, one of Spain's largest banks.

The significance of the new company may be judged by the size and breadth of these holdings.

Indeed, La Corporación Banesto now accounts for over 2.5% of the Madrid Stock Exchange, and 1% of the entire Spanish industrial economy.

With core holdings in fifteen major Spanish corporations and investments in more than 100 other companies, it also covers practically every area of Spain's commercial and industrial activity.

Our aim is not merely to invest in these companies, but to influence their success.

To give strategic direction to their management. To help plan and promote their development. To make the most of their potential.

In effect, La Corporación Banesto is an actively managed slice of Spain.

Its influence will be felt way beyond Spain however.

In the emerging unified European market. And around the world.

La Corporación Banesto

The driving force in Spain is now an active force in Europe.

Issued by Corporación Industrial y Financiera de Banesto, S. A. and approved by UBS Phillips and Drew Securities Limited, a member of The Securities Association, for the purpose of section 57 of the Financial Services Act 1986.

هكذا من الاصل

LONDON STOCK EXCHANGE

Equities easier in cautious trading

A SLUGGISH performance overall in the UK stock market yesterday masked a fairly high level of professional interest, mostly in the form of tax-loss deals, share placings and downgradings of leading quoted companies by brokerage analysts. The institutions backed away from open market trading after their buying in the previous session, and share prices drifted on the downside as traders awaited the speech from Mrs Thatcher, the UK prime minister, at the opening of the new parliamentary session.

The stock market closed soon after the first reports of Mrs Thatcher's speech reached the City of London. Share prices steadied from the day's lows as the prime minister reasserted that her government was getting on top of inflation, although she included the conventional warning that interest rates would not be cut until it was right to do so.

Account Dealing Dates		
*First Dealings:		
Oct 22	Nov 5	Nov 19
Option Declarations:		
Nov 1	Nov 15	Dec 6
Last Dealings:		
Nov 2	Nov 16	Dec 7
Account Day:		
Nov 12	Nov 26	Dec 17

*New-time dealings may take place from 8.30 am two business days earlier.

The stock market's hopes for a further reduction in UK base rates before Christmas were again encouraged at first by a steady pound, although the sterling exchange rate eased at the close, contrasting with firmer crude oil prices.

Share prices opened lower as investors digested the overnight reports on the US mid-term elections and also the latest developments in the leadership debate in the UK Conservative Party. Then there was a modest rally as Tuesday night's tax-loss sellers of ICI, Trafalgar House, Maxwell Communications and several other leading stocks came in to buy back the shares.

Also helping investment confidence was the temporary suspension of Wiggins Teape Appleton, the paper industry stock spun out of BAT Industries earlier this year. The UK market quickly made up its mind that a deal involving Wiggins Teape and ArjoMari Prioux of France, whose shares were also suspended in Paris, was in the offing. The Footsie index crept briefly into positive territory and Seaq turnover moved higher.

However, it was soon clear that there was little genuine underlying investment support and the market turned down again, to spend the rest of the session moving narrowly around a loss of 13 or so Footsie points.

Wall Street was expected to open nervously as it grappled with both the mid-term election results and an important Federal fund raising operation, and UK equities remained depressed as the Dow Average registered a fall of 18.81 in London hours.

The closing rally in London left the FT-SE Index with a loss on the day of 10.6 for a closing level of 2,059.2. Seaq volume of 373.7m shares almost matched Tuesday's 386.3m, with both totals swollen by the respective sell and repurchase operations of the tax-loss deals; similar activity was seen at yesterday's close, notably in Scottish & Newcastle, where a deal of nearly 1m shares was transacted.

The session was featured by placings of two sizeable blocks of North Sea oil stocks, and then a £200m convertible Eurobond issue from Sainsbury, the food supermarket group, which also reported higher profits.

Brokerage regradings included some positive ratings, in contrast to the flow of negative comments over recent weeks. British Telecom, with trading figures due today, came in for recommendation.

The market is likely to open cautiously this morning ahead of the UK government's key Autumn Statement, detailing spending plans and forecasts for the economy, as well as the voting in two sensitive by-elections.

FINANCIAL TIMES STOCK INDICES

	Nov 7	Nov 6	Nov 5	Nov 2	Nov 1	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.32	80.41	80.35	80.09	80.26	84.37	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.43	88.47	88.45	89.13	88.97	93.61	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1590.8	1598.9	1581.1	1570.7	1572.1	1774.2	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	167.7	168.1	166.6	170.2	170.5	256.8	378.5 (6/2)	163.2 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2059.2	2069.8	2050.1	2030.7	2028.0	2203.8	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	957.84	970.58	977.14	978.39	973.06Φ	-	-	-	-	-
Ord. Div. Yield	6.01	5.99	6.05	6.09	6.08	4.68				
Earning Yld %(full)	12.53	12.48	12.61	12.68	12.67	11.20				
P/E Ratio(Net)(☆)	9.67	9.71	9.61	9.56	9.56	10.79				
SEAQ Bargns 4.45pm	18,229	19,444	17,624	20,982	19,458	23,209				
Equity Turnover(£m)†	-	701.47	540.58	693.30	858.12	852.55				
Equity Bargains†	-	17,197	16,153	20,252	17,875	21,222				
Shares Traded (ml)†	-	324.1	271.8	352.4	345.5	370.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 2.52 Φ-Indicative

Ordinary Share Index, Hourly changes — Day's High 1598.7 — Day's Low 1588.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1594.9	1598.6	1595.1	1591.6	1589.5	1590.1	1591.3	1590.5	1589.2

FT-SE, Hourly changes — Day's High 2070.5 — Day's Low 2056.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2064.6	2070.0	2063.6	2058.9	2056.4	2057.9	2059.2	2057.6	2057.7

FT-SE Eurotrack 100, hourly changes — Day's High 960.69 — Day's Low 954.63

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
960.59	960.10	955.93	956.45	956.21	956.12	957.31

GILT EDGED ACTIVITY

Indices*	Nov 6	Nov 5
Gilt Edged Bargains	136.5	121.4
5-Day average	123.6	119.0

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Sainsbury switch sellers

THE ISSUE of an attractively priced £200m convertible Eurobond by J. Sainsbury, the UK food retailer, depressed its shares, wiping out the gains made after the announcement of a 27 per cent rise in first-half profits.

The prospect of being able to convert into Sainsbury stock at 343p anytime over the next 25 years prompted active switching out of the shares, swelling turnover to 11m.

If all bondholders convert into stock, the Sainsbury equity base would eventually expand by 3.7 per cent, or 57m ordinary shares. Analysts said the bond issue was akin to a rights offer and was mildly negative on a longer-term basis.

Sainsbury had gained 6 to 316p on the news that half-year profits had risen to £273.4m from £215.1m compared with market expectations of £250m. But the shares reacted to 299p after the bond issue and eventually stood at 302½p for a fall on the day of 7¼.

After the surprisingly strong interim results, securities houses raised their profits estimates for the whole year to around £515m from £490m. For next year £66m against £590m is now expected.

North Sea placings

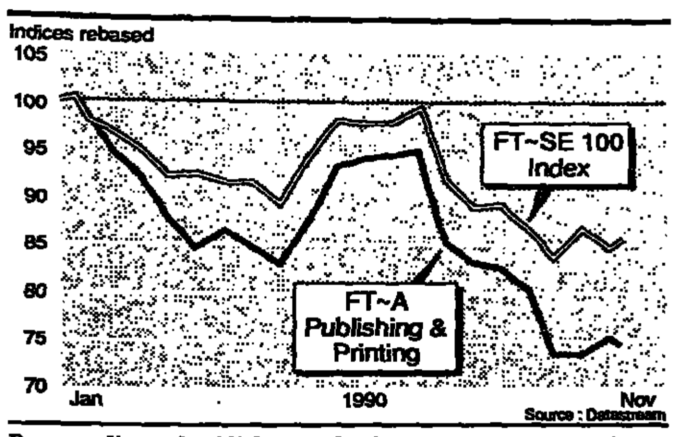
Lasmo slipped as a block of 4m shares was placed at 420p with a range of institutions. Analysts said the shares had come from a single vendor and that the business had been conducted by Cazenove.

In addition, Kleinwort Benson issued a 40-page note reducing its valuation of North Sea oil assets by 10 to 15 per cent. Mr Philip Lambert at Kleinwort said oil companies were selling assets into the rising crude price.

There were few buyers because newcomers to the North Sea had made their moves last year, and large participants were now reassessing their views on local prospects. Their attention was being drawn instead to oilfields in the Far East, Soviet Union and West Africa. The apparent lack of progress on the dismantling of Union Texas also indicated that prices might not be as high as one expected.

Mr Lambert added that there had been several tranches of shares in exploration and production (E+P) companies sold over the last few months. This might depress institutional demand.

Lasmo fell 15 to 427p on turnover of 10m shares. The other FT-SE 100 E+P company, Enterprise, lost 13 to 625p, while volume, swelled by a Cazenove placing of 1.5m shares, was 3.7m.



Downgradings of publishing and printing companies have drawn attention to the sector in recent weeks. But advertising revenue is a leading indicator of a wider economy, and the sector has been feeling the effects of recession throughout the year, and certainly since the end of the first quarter.

Rolls-Royce active

Revised opinions from several securities houses prompted solid two-way business in Rolls-Royce, which lost 4 to 154p on heavy turnover of 6.6m shares. County NatWest cut its 1991 profits estimate by £28m to £315m, citing currency worries. UBS Phillips & Drew bucked the prevailing trend to become a buyer of the stock.

UBS analyst Mr Paul Compton said fears that redundancy payments would hit cash flow were groundless because job cuts would be made through natural wastage. He added that worries should be further offset by possibilities for power station contracts and the success of Rolls-Royce's new Trent engine.

A spate of small profits downgradings of Reckitt & Colman left the shares 18 down at 1225p. Brokers changing their forecasts included Hoare Govett, James Capel and S.G. Warburg. The new forecasts for the next year are around £285m, down from £300m. Analysts blamed the strength of sterling.

SmithKline Beecham advanced 9 to 589p in anticipation of third quarter figures today. The company's interims were better than forecast.

Trafalgar House recorded trading volume of 6.3m shares, but 5m of this merely signalled completion of an overnight tax-related deal and the shares remained at 178p. Williams Holdings, another conglomerate to have recently experienced a rough ride, rallied 7 to 205p. Some reasonable buyers appeared, said a trader, and with few sellers around, the market was eventually squeezed for stock.

J. Bibby greeted higher annual profits of £33.5m, against £28.6m, with enthusiasm. The shares advanced 12 to 129p, paying scant heed to the accompanying warning that the current adverse environment, coupled with the serious situation in the Middle East, makes it particularly difficult to look forward to next year with any degree of certainty.

Dividend doubts again niggled at ECC, which slipped 3 further to 295p, while Smiths Industries moved back 4 to 205p on reports of a Kleinwort Benson downgrading. The investment bank would not confirm whether its profits estimate for Smiths had been reduced, but other analysts said the figure was now £117m, down from £122.5m.

Waste management group Attwoods, which admitted recently that the slowdown in US economic activity would make it difficult to maintain past rates of growth, suffered as investors switched to other areas. The shares closed 19 down at the year's lowest of 377p.

Redland, the subject of UBS Phillips & Drew advice on Tuesday to switch into RMC, gave up 6 more at 529p.

Allied Irish Banks slipped 9 to 148p after stating that reaching last year's level of profits would be "a serious challenge". Allied's interim profits rose to I£121.3m from I£110m. Bank of Ireland declined 8 to 149p in sympathy.

The State of California rejected propositions that would have raised alcohol taxes. Grand Metropolitan, which had been weak ahead of the poll, recovered 9 to 560p.

Analysts added that the stock might have been helped by September's scotch whisky export figures. They showed a volume decline of 3 per cent but a rise in value terms of 21.6 per cent. This reflects an established trend for consumers to move upmarket rather than to drink more. The statistics seemed not to affect other companies with large distilling interests, however. Guinness slipped 4 to 710p.

Brokers pulled Racal Electronics in two directions. An early buy note from investment bank Robert Fleming sent the shares up 4 but this was followed by a downgrading by James Capel. Market sources said Capel cut its 1990 figure by £12m to £232m and the 1990 figure for Racal Telecom by £20m. The broker also reduced its figures for the year ending March 1992. The shares closed 3 down at 161p on a turnover of 6.8m shares. Racal Telecom lost 10 to 257p.

Expectations of improved figures and a positive recommendation from several analysts helped British Telecom to remain firm at 260p on a turnover of 4.1m.

British Aerospace was down 11 in early trading. Analysts said a strong sell note from Strauss Turnbull appeared to be the only factor. The shares picked up later to end the day 7 down at 541p. Hawker Siddeley slipped back 5 to 390p on a heavy turnover of 3.4m, boosted by an overnight bed and breakfast deal (selling shares for tax purposes and then immediately buying them back).

Davy Corporation, the UK engineering concern which has fallen sharply because of worries over contracts and doubts about forthcoming interim results, bounced back 6 to 71p. Beauford, the plant and machine tool manufacturer, dropped 12 to 136p.

United Biscuits, unchanged at 320p, was supported ahead of the release of a positive note from Hoare Govett. The effect on the stock was limited as County NatWest, the joint company broker, lowered its current year forecast by £4m to £201m and next year's by £5m to £225m. S.G. Warburg, the other joint broker, denied market speculation that it too had cut its estimates.

Severfield-Reeve, the structural steelwork concern, reacted nervously to talk of reduced working and lost 5 to 53p. The company was said to have cut a night shift at one of its factories last week because of the general slowdown in UK economic activity.

Excalibur Group, manufacturer and distributor of high-quality jewellery, dipped after a call for fresh funds. A rights issue is proposed raising £8.5m, the proceeds of which will be used to reduce borrowings and also to acquire specialist components manufacturer Price & Orphin for £1.3m. Excalibur closed 7 down at 51p.

Warner Howard, which rents and supplies commercial laundry systems, rose 7 to 142p on higher interim profits, but office supplier Stormgard lost 3 to 20p after reporting depressing first-half results. The warning of a profits shortfall continued to overshadow Abbeycrest, down 8 further at 90p.

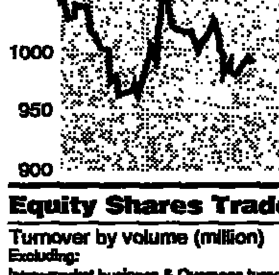
Christies International fell 18 to 205p as Hoare Govett cut its profits forecast for the current year by £5m to £60m. Hoare said the autumn season of art sales had been slower than expected. The often volatile Sotheby's lost 75 to 475p.

Ladbroke shed 5¼ to 266½p as Laing & Cruickshank, the UK securities house, cut its current year profits forecast by £13m to £333m and next year's from £390m to £355m. Mr Charles Winston of Laing said the market value of the company's properties was "less than the book value, and therefore the group cannot capitalise its interest".

Bowater climbed 12 to 441p on the possibility that the suspension of Wiggins Teape Appleton might presage an acquisition in the paper business. Such a move might in turn lead to a re-evaluation of Bowater's worth.

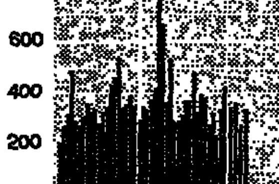
■ Other Market statistics, including the FT-Actuaries share index, Page 22

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
AOT	1,200	108	-3	Cookson	1,900	91	-1	MEPC	331	471	-3	Smith & Nephew	3,500	110	
ASDA Group	5,200	125	-3	Courtaulds	267	312	-2	Manpower	79	47½	+½	SmKl Beecham	1,300	589	-9
Abbey National	2,500	210	-1	Dalgety	134	338		Marks & Spencer	1,200	228	+½	SmKl Beecham Units	196	2540	+10
Allied-Lyons	1,900	472		Dixons	6,700	140	-3	Maxwell Comms.	6,800	151		Smiths Inds	[illegible]	[illegible]	-4
Amstrad	2,100	59	-1	ECC Group	1,400	295	-3	Midland Bank	2,400	199	-2	South West Water	[illegible]	[illegible]	[illegible]
Anglian Water	136	227		Enterprise Oil	3,700	625	-13	NatWest Bank	2,400	257	+2	Southern Water	[illegible]	[illegible]	[illegible]
Argos	151	246		FKI	1,100	48		Next	510	29		Standard Chartd.	[illegible]	[illegible]	[illegible]
Argyll Group	1,400	298	-2	Ferranti	208	18		North West Water	103	228	-1	Storehouse	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	1,000	390	+3	Fisons	2,100	357	+4	Northern Foods	512	343	-2	Sun Alliance	[illegible]	305	-5
BAA	1,500	366	-3	Gen. Accident	867	448	+3	Northumbrian Water	45	230		Sun Life	21	1003	+8
BAT Inds.	1,700	564	-7	General Elect.	7,700	181	-2	Pearson	498	817	+1	T&N	1,400	149	

[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (17).
BRITISH FUNDS (12) INDUSTRIALS (2) Betterware Consumer Products, Rolfe & Nolan, TRANSPORT (1) TRUSTS (2).
NEW LOWS (126).
AMERICANS (1) CANADIANS (5) BANKS (3) BUILDINGS (4) CHEMICALS (4) STORES (3) ELECTRICALS (17) ENGINEERING (10) FOODS (3) INDUSTRIALS (27) Abbeycrest, Alexandra Workwear, Amer. Business Systems, Assoc. British Consultants, Avon Rubber, Barry Wehmiller, British Fittings, Cannon Street Invs., Carbo, Co. of Designers, Comac, Doctus, Elkem, Excalibur, Expamet Intl., Hafslund Nycomed A, Do. B, Nestor-BNA, Pentland, RKF, Shaw (Arthur), Sothebys Class A, UDO, Welpac, Williams (J.), YRM, Yale & Valor, INSURANCE (2) LEISURE (1) MOTORS (3) PAPERS (2) PROPERTY (6) TEXTILES (1) TRANSPORT (3) TRUSTS (11) OILS (6) OVERSEAS TRADERS (1) MINES (12).

APPOINTMENTS

Changes at Midland Group

■ MIDLAND BANK AVAL (MidAval), Midland Group's wholly-owned forfaiting company, is to be integrated into Midland Montagu Trade Finance.

Mr Philip Hills, head of Midland Montagu Trade Finance, is appointed chief executive of MidAval, following the departure of Mr Ian Guild, the former chief executive, who will be joining a new forfaiting company within the Indosuez Group. Mr Roy Coe, Mr Richard Garbutt and Mr Simon Lay have been appointed directors.

■ Mr Jimmy Clark has been appointed head of the international equities department of SHORE CAPITAL STOCKBROKERS, the stockbroking arm of the Shore Capital Group. Mr Clark was previously managing director of Sheppards & Chase International and vice president of E.F. Hutton & Co (London).

■ At ELECTROCOMPONENTS Mr David Winterbottom, group chief executive of Evode Group, is to join the board as a non-executive director.

■ The joint managing director of TIRFER, Mr Mike Sanderson, is now sole managing director following the retirement of Mr Gerard Organ.

■ BRITISH AIRWAYS has appointed Mr Peter White as managing director cargo. He is currently British Airways' regional customer service manager Europe, based in Amsterdam.

■ Mr Peter Knapton (pictured) has become head of UK equity investment at MIM. He was formerly at Guinness Mahon. Mr Tristan Hillgarth has been appointed chief executive of IMI-MIM International Asset Management, a joint venture between INVESCO MIM and IMI, the Italian financial services and mutual fund group.

■ NUCLEAR ELECTRIC has appointed Mr Stephen Ogle as financial control director. He was previously in the management consultancy division of Coopers & Lybrand Deloitte.

■ The CONGREGATIONAL & GENERAL INSURANCE has appointed Mr David J. Collett as chief executive and general manager. He succeeds Mr Alan K. Cooper who has retired.

■ PORTON INTERNATIONAL has appointed Dr Geoffrey Sheppard as managing director of Porton Cambridge, its diagnostics division. He joins from Amersham International where he headed the group's clinical reagents division.

■ At GRAND METROPOLITAN Mr Steve Marshall, corporate director of financial planning and reporting, is appointed director of investor relations. He replaces Mr Rob Mitchell, who will be leaving GrandMet early in 1991.

■ Mr Peter-Mark Droste has become vice president, technical support, Europe and international, for the COMPAQ COMPUTER CORPORATION. He joins from Nixdorf Computer Germany, where he was general manager of the PC division.

■ Mr Victor Haslett has been made chairman and chief executive of WILLIS WRIGHTSON MARRIAN, Belfast. He also becomes deputy managing director of Willis Wrightson, Kingston upon Thames. Mr Jack McGarry has been appointed managing director and Mr Dixon Rose, deputy managing director of Willis Wrightson Harris Marrian.

■ At SUPERDRUG STORES Mr Tony Stanworth (pictured) is now personnel director and a member of the board. He previously worked with Lowndes Queensway and the Dixons Stores Group at board level.

■ J H MINET REINSURANCE BROKERS has appointed Mr Hunter Riley, Mr Francis Paszylk and Mr Adrian Wentworth-Stanley as divisional directors in the company's North American reinsurance broking team.

■ SIEGEL AND STOCKMAN, display and workroom torso manufacturers, has appointed Mr Bryan Bale creative director of the London-based company.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]		11.80	[illegible]
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	5.87	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]		3.10	[illegible]
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.12	[illegible]
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]		11.07	[illegible]
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.28	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.60	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.19	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]		8.37	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.65	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.32	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.14	[illegible]
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.08	[illegible]
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]	[illegible]	8.81	[illegible]
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.29	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]		12.21	[illegible]
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]		6.71	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	12.99	[illegible]
[illegible]	[illegible]	Treas. 8¼pc 1994	[illegible]	[illegible]	9.22	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	13.32	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.74	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.37	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	12.09	[illegible]
[illegible]	[illegible]	Treas 9pc 1994‡‡	[illegible]		9.71	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.73	[illegible]
[illegible]	[illegible]	Exch 3pc Gas 90-95	[illegible]		3.72	[illegible]
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	10.64	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or -	Div Gross	C'vr	Yld Gr's
21⅞	5⅛	Chase Manhattan $12½	[illegible]	[illegible]	$1.20	-	[illegible]
19¼	524p	Chem. Banking Corpn.	564p	-19	$1.00	-	[illegible]
12½	[illegible]	Chrysler $6¼	[illegible]		$1.20	-	10.8
18¾	[illegible]	Citicorp $1	[illegible]	[illegible]	$2.40	-	21.2
40[illegible]	29[illegible]	Colgate-Palmolive $1	[illegible]	[illegible]	$1.80	-	2.6

[illegible]

CANADIANS

[illegible]

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13⅝	£9	ABN Amro F15	£9⅞	+⅛	Q28%	2.1	8.9	5.3
303	148	ANZ $A1	159	+2	44c	1.4	11.5	6.1
233	172	Abbey National 10p	210	–1	5.7	4.3	3.6	8.5
*274	128	Allied Irish Ord	148	–9	†Q40%	3.9	6.2	6.6
85	47	Anglo Irish	53	......	Q18.7%	2.7	7.9	7.6
93	61	Ansbacher (H.) 1p	61	–2	2.5	1.3	5.5	17.6
£71¼	£32¾	Bancaire Cie Fr100	£44	–½	Q12¼%	–	3.0	–
£22¾	£13⅝	Banco Bilbao Viz	£14⅛	+⅛	Q9.1%	2.7	5.7	9.7
286	136	Bank Ireland IrΣ1	149	–8	Q14.7%	2.9	8.8	5.2
£19½	£18	Bank Leumi	£19½	......	–	–	–	–
351	320	Bank Leumi (U.K.)	350	......	†15.0	–	5.7	–
129½	100	Bank Scotland	103	+½	†4.55	3.4	5.9	6.6
100¼	83¾	Do. 9¼pc Irrd Pf	95	......	9¼%	–	13.0	–
54	39	Bank of Wales	42	......	2.8	0.8	8.9	(20.2)
426	290	Barclays £1	349	–1	†h19.57	3.5	7.5	4.8
22	11	Benchmark 20p	11	......	0.75	–	9.1	–
335	238	Brown Shipley £1	245	+1	12.0	2.2	6.5	7.9
*435	285	Cater Allen £1	352	+2	N24.5	–	9.3	–
179	29	Chancery	51	......	9.0	2.7	–	1.2
£23¾	£14¼	Commerzbk DM10	£14½	–⅛	Q18%	–	4.4	–
£13¼	620	Dai Ichi KBk Y50	684	–20	Q17%	6.2	0.5	32.3
£312	£141¼	Deutsche Bk DM50	£191¼	–4½	Q28%	–	2.5	–
£20¾	£14½	Espirito Santo	£15½	......	Q75c	5.1	2.5	8.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

LONDON SHARE SERVICE

MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels		453	.....	3.5	10.8	1.0	12.0
225	135	Airflow Streamlines	v	140xd	+3	6.0	3.0	5.7	7.8
190	145	Bostrom 5p	v	160	...	†5.75	3.1	4.8	7.3
266	160	Dowty 50p	ß	168		9.0	2.1	7.1	8.1
239	119	FR Group	ß	120xd		6.37	3.1	7.1	6.1
135	55	Kwik-Fit Hldgs. 10p	ß	73		12.4	2.3	4.4	13.5
174	102	Lucas Inds.	ø	117xd	−3	7.0	q2.6	8.0	5.5
44	14	Do. Warrants	ß	14½	−½	—	—	—	—
80	60	Mid-States 10p	v	62	.....	s20.75	—	1.6	51.9

Garages and Distributors

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	16	Alexanders 10p	v	16	..	1.0	3.0	8.3	4.8
135	78	Appleyard 10p	ß	90	.....	†7.8	2.4	11.6	4.2
110	55	Blenchley Motor 20p	v	60	.....	†7.5	1.9	16.7	4.3
568	415	Caffyns 50p	ß	415	..	11.5	0.3	3.7	—
121	98	Central Motor Auctns	v	103	....	†3.25	3.2	4.3	9.8
61	26	Cook (D C.) Hldgs	v	30	−1	1.0	5.3	4.4	5.7
89	33	Cowie (T.) 5p	ß	50	.....	4.2	1.5	11.2	6.9
95	56	Dagenham Motors 10p	v	74	+1	†5.25	2.8	9.5	5.1
98	75	Davenport Vernon 10p	v	78	+1	3.5	3.6	6.0	5.4
29	16	Equity & Gen 5p		20xd	...	11.5	1.7	10.0	(7.1)
247	163	Evans Halshaw	ß	185	....	11.25	2.4	8.1	6.8
113	79	Gates (F G.)	ß	81	−1	2.75	1.9	4.5	15.2
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING, ADVERTISING

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY — Contd

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
285	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
177	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18½	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
250	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37½	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
550	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRANSPORT

1990 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUST

1990 High	Low	Stock	Price	+ or −	Div Net	Y'ld Gr's	NAV
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUST — Contd

1990 High	Low	Stock	Price	+ or −	Div Net	Y'ld Gr's	NAV
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUST — Contd

1990 High	Low	Stock	Price	+ or −	Div Net	Y'ld Gr's	NAV
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For York Trust see Babcock Prebon

WATER

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS — Contd

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLANTATIONS

Rubbers, Palm Oil

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Teas

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

Central Rand

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Eastern Rand

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Far West Rand

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Diamond and Platinum

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Central African

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Australians

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES — Contd

Tins

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THIRD MARKET

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1650 per annum for each security.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time at the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (●) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

هكذا من الأصل

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

The Life Association of Scotland
113 Dundas St, Edinburgh EH3 5EB 031-550 5000
LAS Investment Assurance

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fund	212.1	223.3	+0.2	–
UK Equity	361.5	380.6	+1.6	–
Property	274.0	288.5	+0.1	–
Money Market	202.0	212.7	...	–
Fixed Interest	224.5	236.4	-0.3	–
Japan	276.1	290.7	-3.6	–
North America	85.7	90.3	-0.7	–
International	164.2	172.9	-0.7	–
European	163.1	171.7	-0.9	–
Far East	75.5	79.5	-0.8	–

Merchant Investors Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
MI Gar British Gwth	185.5		...	–
MI Gar Special Sits	106.1		-0.1	–
MI Gar Smaller Co's	131.2		-0.1	–
MI Gar Australian	57.2		-0.1	–
MI Gar Int Sel Opps	83.3		-0.3	–
MI Gar UK & Int Rec	76.3		-0.5	–
MI Gar Euro Sel Opps	115.8		-0.2	–
MI Gar Am Emer Gwth	85.3		-0.3	–
MI Gar Prac Invmnt	97.4		-0.3	–
MI Gar Extra Income	95.2		+1.5	–
MI Gar Pref Share	80.4		-0.1	–

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	299.3	315.1	-1.1	-
UK Equity	374.3	394.1	-1.8	-
Overseas Eq.	283.1	298.1	-1.7	-
Americas	205.0	215.8	-0.8	-
Far East	301.7	317.6	-2.7	-
Property	191.5	201.6	-	-
Fixed Int.	232.9	245.2	-0.2	-
Indexed Gilt	145.6	153.3	+0.2	-
Deposit	171.9	181.0	-	-
Pension Fund (Accum Units)				
[illegible]				
Providence Capital Life Assc. Co Ltd – Contd.				
Total Investment Bond				
UK Equity initial	129.0		-0.1	-
UK Fixed Int initial	107.6			-
Intl Equities initial	102.1		-0.2	-
UK Managed initial	104.4		-0.1	-
Property initial	164.3		+0.3	-
Money initial	84.2			-
Special Market initial	92.8		-0.1	-
Japan Equity initial	72.7		-1.4	-
North American initial	61.7		-0.3	-
[illegible]				
Royal Heritage Life Assurance Ltd – Contd.				
Gartmore Funds (formerly Royal Heritage)				
Global Inc & Grth	106.1	111.7	-0.3	-
Worldwide Recovery	82.3	86.6	-0.6	-
European Select Opps	127.0	133.7	-0.3	-
Pacific Growth	125.4	132.0	-0.4	-
Intl Managed	67.5	71.1	-0.3	-
Perpetual Funds				
International Growth	90.3	95.1	-0.8	-
Income	93.4	98.3	-0.1	-
American Growth	80.3	84.5	-0.4	-
Intl Emerging Cos	90.6	95.4	-0.4	-
[illegible]				
Skandia Life Assurance Co Ltd – Contd.				
Skandia Baring Funds				
Eastern	100.2	105.4	-0.7	-
Equity Income	89.4	94.1	+0.7	-
European Smllr Co's	101.6	106.9	+0.2	-
German Growth	81.8	86.1	-0.3	-
Global Growth	91.5	96.3	-	-
Portfolio	96.5	101.5	+0.3	-
Japan Growth	84.6	89.0	-1.8	-
Japan Sunrise	82.2	86.5	-1.7	-
European Growth	114.0	120.0	-0.1	-
American Growth	87.0	91.5	+1.3	-
UK Smaller Companies	69.1	72.7	-0.2	-
[illegible]				
Sun Alliance Group – Contd.				
Fram Special Managed	104.8	110.4	-0.1	-
Fram America Smllr Cos	60.30	63.50	+0.10	-
Fram America Turnaround	60.10	63.30		-
Fram Capital Tst	95.90	101.0	-0.1	-
Fram Intl Growth	81.80	86.20	-0.10	-
Fram Japan & General	178.9	188.4	-0.8	-
Fram Recovery Tst	112.8	118.8	-0.2	-
GT Special Mingd	99.30	104.6	+0.1	-
GT Amer Spec Sits	80.60	84.90	+0.20	-
GT Capital	121.7	128.2	-0.1	-
GT European	95.70	100.8	-0.7	-
GT Far East & Gen	121.8	128.3	+1.2	-
[illegible]				
Windsor Life Assur Co Ltd				
Windsor House, Telford, Shropshire 0952 292929				
American	201.9	212.6	...	-
Balanced Accum	95.8	100.8	...	-
Deposit	217.6	229.0	...	-
Far East	245.7	258.6	...	-
Fully Man Acc Pen	466.7	491.3	...	-
Fully Man Acc Pen	467.2	491.8	...	-
Gilt	243.78	256.5	...	-
Grnd Rent & Gilt I Life	276.0	290.6	...	-
Grnd Rent & Gilt II Life	112.0	117.9	...	-
Grnd Rent & Gilt II Pen	117.5	123.7	...	-
Grnd Rent & Gilt III Life	101.4	106.7	...	-
[illegible]				
Sun Alliance International Life				
PO Box 77, New St, St Peter Port, Guernsey 0481 714108				
North American Eqty $	57.62	8.20	...	-
Pacific Equity $	57.47	8.05	...	-
Intl Currency $	54.19	4.51	...	-
Intl Bond Fund $	56.84	7.37	...	-
Gilt Fund £	£3.98	4.29	...	-
US Dollar Mngd Fd $	51.57	1.69	...	-
Stlg Managed Fd £	£0.98	1.05	...	-
Target International Group				
1 rue Emile Bian, Luxembourg Tlx 2809 Tel 4050751				
Sterling Pens Plan	10.70	0.76	...	-
[illegible]				
J. D. Ward Financial Services Ltd				
9 Kingsway, London, WC2 B6XF. 01-836 4321				
Target Mingd Bond	182.7	192.4	+0.6	-
Target Mingd Pension	111.4	117.3	+0.4	-
Albany Life Acc	164.4	173.1	-0.8	-
Albany Pens Acc	203.1	213.7	-1.3	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND

ISLE OF MAN

GUERNSEY (REGULATED)

[illegible]

هكذا من الاصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
Dantrust Management (Guernsey) Ltd				
Dantrust Limited	DKr115.6	115.81	....	-
Fleuret-Coutell Fund Mngrs (Guernsey) Ltd				
Hambledie G & B Fd	SFr7.82	7.901	....	2.06
John Govett Mngmnt International Ltd				
Govett High Inc Gilt	£0.3505	0.3734	+0.0001	13.12
Govett Far East Inv	$0.895	0.957	-0.002	-
Energy & Resources	$0.679	0.726	-0.004	-
Hambros Fund Managers (CI) Ltd				
Japanese OTC	$9.2454	9.8323	....	-
Havelet Throgmorton Mngmt Ltd				
Intl Inv-Stig High Inc	£9.945	10.550	....	10.09
Intl Inv-Intl High Inc	$48.855	51.434	....	5.54
Henderson Admin. (Guernsey)				
Prime Res Fund Accumulation	£0.908			
Balanced Gwth $ Prtflo	$1.827	1.968	+0.005	-
Balanced Gwth £ Prtflo	£1.037	1.113	+0.002	-
Select Mkts $ Prtflo	$1.840	1.990	+0.009	-
Inc & Gwth $ Prtflo	$1.683	1.781	+0.003	-
High Income £ Prtflo	£0.598	0.638	....	-
Hill Samuel Fd. Mngrs. (Guernsey) Ltd				
Guernsey Tst	64.11	68.56	-0.26	2.92
Kleinwort Benson Intl Fd Mngrs Ltd				
KB Int.Ac.Bd.Acc*	£8.655	9.115	....	-
KB Japan Fund		221.62	....	-
KB Sterling Asset	£29.37	29.37	....	-
*Offer price inclusive of maximum preliminary charge				
Kleinwort Benson Islamic Fd Mgmt Ltd				
Islamic Fund	55.75	6.151	....	0.50
Lazard Fund Managers (CI) Ltd				
Lazard Cap. Gwth Bond	$2835.67	2996.43	....	8
Lazard Cur Acc Fd £	£18.69	18.70	....	13.6
Lazard Cur Acc Fd US$	$14.64	14.65	....	7.2
Lazard Cur Acc Fd Y	Y3,810	3,820	....	6.75
Lazard Cur Acc Fd DM	DM51.32	51.33	....	7.2
Lazard Cur Acc Fd SF	SFr37.04	37.05	....	6.7
Lazard Cur Acc Fd FF	FFr158.03	158.04	....	8.7
Lazard Cur Acc Fd Man.	$15.62	16.41	....	-
Lazard D'fled Bnd (Inc)	$19.32	20.36	....	8.4
Lazard D'fled Bnd (Acc)	$24.78	26.12	....	-
Lazard European Fund	$45.71	48.45	....	1.0
Lazard Far East	$52.37	55.74	-0.95	-
Lazard Global Equity	$25.56	27.19	....	-
Lazard Int Inc $ (Inc)	$1006.31	1060.89	....	7.856
Lazard Int $ Inc (Acc)	$2343.42	2470.45	....	-
Lazard Int Inc £ (Inc)	£8.91	9.40	....	10.925
Lazard Int Inc £ (Acc)	£11.90	12.54	....	-
Lazard Japan Fund	$52.85	56.51	....	-
Lazard Nth Am	$18.61	19.79	....	1.0
Lazard Sel Port £ Cap	£11.84	12.74	....	-
Lazard Sel Port £ Inc	£9.14	9.63	....	12.1
Lazard Sel Port $ Cap	$12.52	13.48	....	-
Lazard Sel Port $ Inc	$8.63	9.09	....	7.6
M & G (Guernsey)				
Island Global Fd	827.9	880.71	-4.9	0.61
Merrill Lynch Int Capital Mngt (Gsy) Ltd				
Bangkok NAV Oct 31	$62.36			-
Iberia Portfolio NAV	$9.94		+0.08	-
NM Financial Mgmt Intl Ltd				
Mngd. Currency	£6.106	6.416	(z)	5.86
NM Portfolio Selection Fund Ltd				
Conscience	£0.800	0.851	(z)	1.80
Far East Gwth	$1.175	1.249	(z)	0.00
Smaller Co's	£0.722	0.768	(z)	1.50
Special Sits	£0.584	0.619	(z)	3.12
Intl Bond	$0.893	0.950	(z)	9.68
American Fund	$1.773	1.886	(z)	2.80
American Smaller Cos	$0.980	1.042	(z)	0.00
Australian Fund	£1.212	1.289	(z)	2.42
British Fund	£1.282	1.363	(z)	8.16
European Fund	£1.874	1.993	(z)	1.08
Gold Fund	$0.506	0.538	(z)	0.00
Hong Kong Fund	£1.412	1.502	(z)	9.69
International Fund	$1.038	1.104	(z)	0.47
Japanese Fund	£2.263	2.407	(z)	0.00
Japan Smaller Cos	£4.485	4.771	(z)	0.00
Singapore & Malaysian	£0.915	0.973	(z)	0.00
Dollar Fixed Interest	$0.973	1.035	(z)	10.12
Sterling Fixed Int	£0.862	0.916	(z)	11.31
Deutschemark Currency	DM-	4.994	(z)	2.36
Dollar Currency	$-	0.957	(z)	4.91
Sterling Currency	£-	1.003	(z)	10.48
Yen Currency	Y-	197.9	(z)	1.4
Managed Currency	£0.915	0.973	(z)	6.94
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,699	2,726	....	-
New Generation Fd S	$24.77	25.03	....	-
Japan Index Alpha	Y8,628	8,758	....	-
Jap Sector Rotation	Y6,899	7,000	....	-
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	128.3	128.7	....	10.91
Managed Dollar	$14.28	14.33	....	7.57
Sterling Deposit	100.0	100.0	....	10.37
Dollar Deposit	$10.00	10.00	....	-
DM Deposit	DM50.10	50.29	....	6.23
SWFr Deposit	SF50.00	50.00	....	-
J. Yen Deposit	Y5,002	5,021	....	5.34
Saudi International (Guernsey) Ltd				
Intl Bond	$10.16	10.34	+0.06	-
Intl Dollar	$10.20	10.21	+0.01	-
Intl Equity	$10.35	10.70	-0.07	-
Falcon High Income	$88.77	88.77	-0.28	-
Sovereign Asset Management Limited				
Olympic Options Ltd	£8.7079	8.9795	....	-
Stonehenge Fund Mngrs Ltd				
Intl Man Fd	11.24	11.30	....	-
Stronghold Asset Mngmt (Guernsey) Ltd				
Tech and Comm. (Susp)	£-			-
Pacific Basin Fd (Susp)	£-			-
Western European (Susp)	$-			-
Tyndall International (Guernsey) Ltd				
Capital Defender	£1.19	1.26	....	5.63
Hi Yield Bond	62.70	65.90	....	15.17
Internat. Spec. Sits	33.5	35.10	-0.40	1.69
Marunouchi Fd	76.60	80.50	+0.1	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$736.27		....	-
Fixed Income Shares	$856.08			
Yamaichi Capital Mngmt (Guernsey) Ltd				
Japan Meta Growth	$11.01		-0.22	-
Yamaichi 155 Fund	$7.77		-0.18	-
Yamaichi CB Plus Fund	$8.35		-0.15	-
Thai Inv Fund	$9.36			-

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar			$-	0.95	1.01	-

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)H 0624 661551					
Lord Street, Douglas, IoM					
ADI Managed(z)	5	0.5318	0.5663		
ADI Mngd Currency(z)	5	0.4138	0.4356		
ADI W'wide Eq(z)	5	0.5712	0.6083		
ADI Nth Amer Gth(z)	5	0.5360	0.5708		
ADI Far East (z)	5	1.0145	1.0804		
ADI Gilt & Income(z)	5	0.2414	0.2543		
ADI UK Cap Gth (z)	5	0.1841	0.1960		
ADI Europe Fd (z)	5	1.0768	1.1465		
For conversion Prices of Shares Phone: 0624 662860					
Asset Global Funds Ltd 0624 20097					
Abacus Hse, Mona St, Douglas, IoM					
French Equity	5	124.4	131.8		
UK Gilt	5	9.89	10.43		
UK Equity	5	11.54	12.19		
US Bond	5	9.80	10.41		
CMI Fund Managers (IoM) 0624 25990					
Clerical Medical Hse, Douglas, IoM		0.4884	0.5142		14.36
High Income					
CMI Core Portfolio Fund					
UK		£- 0.8239	0.8864		
USA		£- 0.7354	0.7811		
Japan		£- 0.6041	0.6377		
Equity & Law Intl Fund Mngrs Ltd 0624 77877					
Victory Hse, Prospect Hill, Douglas IoM					
Total Income Fd	5¼	97.29	97.31	102.41 +0.06	14.3
Gartmore Fund Managers (IoM) 0624 27610					
PO Box 32, Douglas, IoM					
Intl Grth	5¼	412.6	412.6	440.4	0.9
Mercury Fund Managers IoM Ltd 0624 662255					
11 Hill Street, Douglas IoM					
Merc IoM Fund	5	95.57	95.58	102.0	7.7
Merc Intl Bond	5	48.82	48.82	51.34 +0.09	11.3
Refuge Overseas (1200) 0624 77500					
4th Floor, Victory Hse, Douglas IoM					
Gilt Fd	5¼	97.28	97.28	102.73 -0.14	9.70
International Bond	5¼	81.48	81.48	86.15 -0.05	11.60
ECU & DM Bond	5¼	93.67	93.67	99.07 +0.21	9.13
Stlg Deposit	0	101.54	101.54	101.54 +0.24	12.30
US Dollar Deposit	0	1.7582	1.7582	1.7582 +0.29	6.52
L.J. International	5¼	82.53	83.75	89.10 +0.01	-
UK Equity Fd	5¼	87.67	87.67	92.93 -0.10	-
Tiger Fd	5¼	90.98	92.39	98.29 -0.14	-
European Opps	5¼	85.98	86.99	92.54 -0.21	-
Sun Life Management (IoM) Ltd 0624 22444					
PO Box 178, Douglas, IoM					
Secure High Income	6	0.9177	0.9177	0.9835	9.27

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
CAL Investments (IoM) Ltd				
CAL C & C*	52.9	55.81	....	-
*Dealings Monday.				
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	118.0	123.9	....	4.8
DL International	$1.56	1.66	....	2.5
Equity & Law International Fund Mgs Ltd				
European Equity	165.16	173.83	-0.68	-
Far Eastern Equity	$2.3051	2.4261	-0.0179	-
North Amer Equity	$1.0420	1.0967	+0.0178	-
UK Equity	134.41	141.46	+1.47	-
Global Equity	93.29	98.18	+0.33	-
UK Gilt & Fxd Int	96.34	101.39	+0.13	-
Dollar Deposit		$1.0139	+0.0002	-
Sterling Deposit		104.97	+0.03	-
Managed Currency	97.91	103.05	-0.45	-
Gartmore Fund Managers (IoM)				
Intl. Inc.° Nov 7	17.90	19.0	....	14.00
° Projected Yield				
John Govett Management (IoM) Ltd				
S.E. Asian Wrrt Fd Ltd	$6.90		....	-
Paragon Sterling Fd Ltd	£10.18			
IBI Global Funds Limited				
Intl Stlg Gwth	£12.67	13.34	+0.17	-
Intl $US Gwth	$13.11	13.80	+0.36	-
High Income Gilt	£18.68	19.37	+0.16	-
International Equity	£11.80	12.43	+0.18	-
International Bond	£14.83	15.38	+0.08	-
Managed Currency		£21.93	+0.04	-
Refuge Overseas				
Master Fd A	86.95	92.50	+0.08	-

	Bid Price	Offer Price	+ or -	Yield Gross
Sarasin (Isle of Man) Ltd				
Fergus Fd Nov 1		£11.84	....	-
UK Trend Nov 1		£8.13	....	-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£7.72	8.34	....	-
Fleet Street Inv Fd	£7.07	7.52	....	-
Offshore Income Fd Ltd	£8.83	9.29	....	-
Nelson Ridge W/W $/S	£8.73	9.18	....	-
Tattersall Intl Assets	£6.38	6.57	....	-
LFM Sterling Fd	£9.58	9.99	....	-
Tyndall International (Isle of Man) Ltd				
H.I. Gilt/Bulldog	100.9		+0.02	-
(Accum Shares)	160.7	168.8	+0.01	-
Unibank Scandinavian Fund Ltd				
Scandinavia Fd	164.95	175.53	....	1.0

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays International Funds 0534 67888						
PO Box 152, St Helier, Jersey CI						
Australian Eq (Inc)	5¼	£0.726	0.726	0.777		2.5
Global Income (Inc)	5¼	£0.396	0.396	0.428		4.6
Global Resources R	5¼	£0.314	0.314	0.340		1.3
Currency Fund						
Stlg Premium Income R		£10.21		10.27	....	12.9
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, Capital Hse, Bath St., St. Helier, Jersey 0534 75639 (Helpline)						
Tel: 0534 74689 (Dealing) Telex: 4192136						
Facsimile 0534 79040						
Capital House International Growth Funds Ltd						
Equities						
UK Equity	5	£1.047	1.062	1.127		-
North American	5	$1.361	1.392	1.477		-
Japanese	5	$1.580	1.590	1.687		-
Pacific Basin	5	$2.134	2.134	2.265		-
Continental European	5	$2.391	2.409	2.557		-
Gold	5	$1.241	1.267	1.345		-
Bonds						
Sterling Bond	5	£1.382	1.382	1.458	....	-
International Bond	5	$1.839	1.839	1.938		-
Currencies						
£ Sterling	0	£24.70	24.70		....	13.93
US$	0	$18.87	18.87			6.64
Japanese Yen	0	Y3,596	3,596		+1.0	6.57
D Marks	0	DM57.98	57.98		+0.01	6.72
Swiss Francs	0	SF50.98	50.98		+0.01	6.27
Fr Francs	0	FF227.1	227.1		+0.1	8.25
Ecu's	0	Ecu27.08	27.08		....	8.44
Managed						
Intl Portfolio	5	$1.662	1.678	1.781		-
Managed Currency	5	£2.097	2.097	2.208		-

Gartmore Fund Managers International Ltd 0534 27335
PO Box 278, 45 La Motte St., Jersey

John Govett (Channel Islands) Ltd (1000)F 0534 75141
PO Box 443, St. Helier, Jersey

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F 0534 76029
PO Box 63, Bond Street, St. Helier, Jersey

Lloyds Bank (CI) U/T Mgrs. 0534 27561
PO Box 195, St Helier, Jersey
Lloyds Tst. Gilt ... 2½ £9.958 8.975 9.210 12.16
Dealing daily

Midland Bank Fund Managers (Jersey) Ltd 0534 37788
PO Box 26, St Helier, Jersey

MIM Britannia International (Jersey) Ltd 0534 73114
PO Box 271, St Helier, Jersey

Royal Trust Jsy Fd Mngt Ltd (1400)F 0534 76077
PO Box 428, St Helier, Jersey
Govt Secs Fd ... 54.15 54.15 56.55 -0.05 11.49

TSB Trust Funds (CI) 0534 73494
PO Box 538, St. Helier, Jersey

JERSEY (REGULATED)(**)

Allied Irish Fund Managers (CI) Ltd

Barclays Intl Funds

Brown Shipley Fund Mgmt (CI) Ltd

Cater Allen Investment Management (CI)

Citibank (CI) Ltd "Citifunds"

EBC Trust Company (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
EBC Amro Traded Currency Fund Ltd*				
Income	$14.58	15.038	+0.021	5.31
Capital	$23.62	24.349	+0.031	6.43
*Offer price includes 3% prelim. charge				
EBC Amro Currency Income Fund*				
Income	£8.27	8.6940	....	3.91
*Offer price includes 5% prelim. charge				
International Income Fund				
US$ Dep Short A	$0.6462		-0.0016	-
Do. Dist	$0.4198		-0.0011	0.45
Mxd.Cur.Str't Ltrm B	$1.1049		-0.0014	-
Do. Dist	$0.7875		-0.0010	1.08
Enrolled Long Term*	$31.89	33.3373	....	5.07
* Offer Price includes 3½ % Initial Charge				

Equitilink International Mngt Ltd
First Aust Prime Inc Inv Co Ltd NAV Nov 1 C$12.86xd
First Aust Prime Inc Inv Co Ltd NAV Nov 1 US$11.03xd
NAV Diluted to reflect exercise of all Wrrts C$12.2bxd US$10.52xd

	Bid Price	Offer Price	+ or -	Yield Gross
Fidelity Investment (CI) Ltd				
Sterling American	£1.63	1.73	-0.01	-
$ Bond Fund	$5.162	5.369	-0.019	7.50
Gilt Fund	£0.236	0.245	....	10.40
Fleming Group				
Save & Prosper Management (Jersey) Fleming Albany Amer Fd	$14.19	15.16	(z)	0.53
Foreign & Colonial Mngt (Jersey) Ltd				
Foreign & Colonial Reserve Asset Fd Ltd				
A-US$ Cash		$10.27	+0.01	7.50
B-Multicurrency Cash		$16.20	+0.09	7.50
X-Cash*		£10.58	....	14.50
C-US$ Bonds		$13.04	+0.15	8.00
D-Multic'ncy Bonds		$17.33	+0.33	8.00
E-Sterling Bonds		£10.66	+0.08	12.00
F-D Mark Bonds		DM9.31	+0.03	8.00
G-Yen Bonds		Y1078	+0.09	6.50
H-Ecu Bonds		Ecu9.98	+0.06	9.50
L-UK Equities*		£8.16	+0.08	10.00
M-US Equities*		$12.11	-0.15	7.00
N-Japanese Equities*		Y891	-0.06	6.00
O-Global Equities*		$10.36	-0.08	7.00
V-Velocity		$5.27		8.00
Z-Gold*		$8.11	+0.14	7.00
* Daily Dealing				
John Govett Management (Jersey) Ltd				
Malaya's Emer Co NAV Nov 1	$9.24		....	-
Spon Sealing Fd NAV Nov 2	$10.10		....	-
Paragon Fd NAV Oct 31	$10.03			-
Hill Samuel Investment Services Intl(z)				
Hill Samuel Fund Managers (Jersey) Ltd Int. Growth	£2.570	2.723	....	-
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£8.76	8.80	-0.02	12.27
Midland Bank Fund Managers (Jersey) Ltd				
M. Bk O'shore Mngd.	100.18	106.78	-0.98	-
MIM Britannia International Limited				
All Funds deal daily except where indicated.				
Sterling Denominated Income Funds				
American Equity Inc	£1.065	1.142	....	3.53
Japan Inc & Gwth	£1.538	1.650	....	2.91
£ Mng Currency	£15.72	16.52	+0.02	8.33
US Dollar Denominated Income Funds				
American Inc Gwth	$1.167	1.255	-0.004	4.96
$ Mng Currency	$14.39	15.12	+0.01	5.55
Intl High Income	$2.379	2.559	-0.001	6.48
Sterling Denominated Growth Funds				
American Gwth	£1.122	1.206	-0.006	-
Australian Perform	£0.767	0.825	-0.010	-
Capital Deposit	£31.07	31.08	....	-
European Perform	£0.3846	0.4136	+0.0006	-
Far East	£1.760	1.892	-0.009	-
Pioneer Markets	£2.065	2.220	-0.005	-
UK Growth	£0.862	0.927	+0.001	3.40
£ Mng Portfolio	£1.301	1.406	-0.005	1.45

MIM Britannia International Limited – Contd.

Minerals, Oils Res. Shrs. Fd. Inc.
Mores Nov 1 ... $13.90 14.19 .... 2.55

Morgan Grenfell Funds Mngt (Jersey) Ltd

Murray Johnstone (Jersey) Ltd

Nat. Westminster Jersey Fd. Mgrs. Ltd

Northgate Unit Tst. Mngr. (Jersey) Ltd
Pacific Fund Oct 31 ... $36.87 39.471

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited
Lloyds Bank Trust Company (Channel Islands) Ltd NAV Nov 2 ... $5.65

Prudential Intl Financial Services Ltd

Royal Trust Fd Mngt (CI) Ltd
Japan Gwth Fd ... 39.8 44.51 -0.9

Royal Trust Intl Fd Mngt Ltd

Save & Prosper International

Schroder Mngt Services (Jersey) Ltd

Scimitar Worldwide Money Fund Ltd

Scimitar Worldwide Selection Fd Ltd

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

Target Internat. Management (Jersey) Ltd

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

Wardley Fund Managers (Jersey) Ltd

Worldinvest (Managers) Jersey Ltd
Valued weekly. * Mondays. † Wednesdays

LUXEMBOURG (SIB RECOGNISED)

Abbey Global Investment Fund (u)
41 Ave de la Gare, L-1611, Luxembourg 352 489061

AEtna Federated Intl Mngrs (Lux) SA 010 352 421211
14 Rue Leon Thyes L-2636 Lux

Barclays Intl Funds (Luxembourg) (1400) 010 352 404344
41 Avenue de la Gare L-1611

CMI Asset Management (Luxembourg) SA (u) 010 352 458825
203 route d'Arlon, L-1150 Lux

Commercial Union Luxembourg SA (u) 010 352 402820261
41 Ave de la Gare L-1611

Commercial Union Luxembourg SA – Contd. 010 352 481061

Cresvale Asset Advisors (Lux) SA (u)
Shackleton Hse, 4 Battlebridge La, SE1 071-403 8495

Dresdnerbank Asset Mngmt SA (u)
13 Rue Beaumont, L-1219 Luxembourg

Eagle Star Intl-Global Assets Fund (u) 0624 661100
PO Box 101, Douglas, IoM

EquiFund-Wright National Eqty Fd (u) (x)
14 rue Aldringen, L-1118 Luxembourg

Fidelity Funds
33 Bd Prince Henri, L-1724 Lux UK-0732 777377
Jersey-0534 71696 Lux-010 352 474066217

Fleming Group (u)
45 Rue Des Scillas L-2529 Howald Luxembourg 010 352 405040 or 071-638 5858

Gartmore Luxembourg SA (u)
39 Allee Scheffer, L-2520 Lux 010 352 465424-515

Henderson Management SA (u)
21-25 Allee Scheffer L-2520 Luxembourg 071-638 5757 or 010-352 462232

Hill Samuel Inv Services Intl SA (u)
Marktgasse 63/65, 3001 Berne, Switzerland 224051

Hypo Foreign & Colonial Port Fd Sicav(u)
1 Laurence Poutney Hill, Ldn EC4R 0BA 071-623 4680

Ivory & Sime (Luxembourg) SA (u) 010 352 4046461
13 rue Goethe L-1637 Luxembourg

Kleinwort Benson Select Fund (u) 010 352 47991
14 Rue Aldringen L-1118 Luxembourg

Midland Internatnl Circuit Fund SICAV(u)
Midland Bank Fund Managers (Jersey) Ltd 0534 37788
PO Box 26, St Helier, Jersey

MIM Britannia International Ltd (u) 0534 73114
PO Box 271, St Helier, Jersey

Morgan Grenfell UT Mgrs/Deutsche Bank
Representative for HM, Luxembourg
20 Finsbury Circus, EC2M 2UT 071-826 0826

		Bid Price	Offer Price	+ or -	Yield
Eurorenta	DM-	84.11	86.70	+0.1	-
DM Reserve	DM-	122.3	123.3	+0.1	-
Dollarrenta	$-	51.71	53.30	....	-

Nomura Global Fund (u)
Nomura Intl, Nomura Hse, 24 Monument St, London EC3R 8AJ 071-283 8811
Asia Pacific P'folio ... $- 8.33 -0.02 -

For Royal Trust Assetmix see Commercial Union Lux SA

Sanpaolo Group (Luxembourg)
c/o 9 St Pauls Churchyard, London, EC4 071-489 8825

		Bid Price	Offer Price	+ or -	Yield
Sanpaolo ECU Fund					
Bonds	Ecu-	114.245	117.672	....	-
Mixed	Ecu-	110.447	112.730	....	-
Shares	Ecu-	99.772	102.765	....	-
France Shares	Ecu-	86.105	88.888	....	-
France Bonds	Ecu-	104.527	107.649	....	-
France Security	Ecu-	105.478	106.533	....	-
Sanpaolo Italy Fund					
Bonds	Ecu-	117.126	120.692	....	-
Mixed	Ecu-	97.838	100.773	....	-
Shares	Ecu-	98.4115	101.363	....	-
Prices fixed on Tuesday of each week					

Schroder International Selection Fd (u) 010 352 4799 2456
14 Rue Aldringen L-1118 Lux

		Bid Price	Offer Price	+ or -	Yield
Trafalgar Nov 6	$-	20.85	22.13	+0.08	-
Euro Smllr Cos Nov 6	$-	5.47	5.81	+0.02	-
Japan Smllr Cos Nov 6	$-	6.90	7.32	-0.01	-
US Smllr Cos Nov 6	$-	3.81	4.05	+0.03	-
Global Bond Nov 6	Ecu-	4.85	5.15	....	-
Global Equity Nov 6	Ecu-	4.17	4.44	+0.03	-

Sun Life Global Management Ltd (u) 0624 22444
PO Box 178, Douglas, Isle of Man

		Bid Price	Offer Price	+ or -	Yield
Global Portfolio					
Global Bond	-	89.28	94.97	-0.08	-
Global Masters	-	104.68	111.36	-0.95	-
Global Recovery	-	85.99	91.47	-0.75	-
Haven	-	95.7	100.83	+0.07	12.60
American Growth	-	70.26	74.74	-0.49	-
Common Mkt Gwth	-	106.48	113.27	-1.2	-
Far East Gth	-	78.42	83.42	-0.85	-
Japan Gth	-	93.95	99.943	-1.29	-
UK Growth	-	95.90	102.02	+1.12	-

Touche Remnant (Guernsey) Ltd (u) 0481 26268
Bermuda Hse, St Peter Port, Guernsey

S.G. Warburg Asset Mngmt Lux SA (u) 010 352 421211
14, Rue Leon Thyes, L-2636 Lux

S.G. Warburg Asset Mngmt Lux SA – Contd.

Wardley Investment Services (Lux) SA (u)
7 rue du Marche – aux – Herbes L-1728 Luxembourg
Dealing: (Jersey) 59919

LUXEMBOURG (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Asian Development Equity Fund				
Portfolio A Nov 5	$15.96		....	-
Portfolio B Nov 7	$13.13		....	-
Banque Paribas Luxembourg				
HKS Europe & Income	$10.72		....	-
Parbas Soleil	$7.98			
Parinter Bond	$19.23			
CB Fund International (u)				
CB Fd Int	$15.72		..	-
CM Investment Serial Funds				
Global Gwth NAV	$10.32		..	-
Capel-Cure Myers Intnl Fd Sicav (u)				
Sterling Thinkers Bond	£9.30	9.60	+0.05	-
Sterling Thinkers Growth	£9.39	9.90	+0.06	-
US$ Thinkers Bond	$10.14	10.47	+0.08	-
US$ Thinkers Growth	$10.34	10.91	-0.11	-
Cedevalor (u)				
Croissance US$	$1619.64		....	-
Rendement US$	$1585.23			
Rendement SFr	SFr1918.11			
Cortexa International (u)				
Cortexa Intnl	$96.23		....	-
Credit Commercial de France				
Euro Smlr Cos Class A	Ecu12.41		....	-
Euro Smlr Cos Class B	Ecu12.41			
CM Actibonds (u)	$37.70			
Euro Prestige Cls A (u)	Ecu8.72			
Euro Prestige Cls B (u)	Ecu10.25			
Credit Suisse				
Daiwa Japan Gem Fund				
Daiwa Japan Gem	$9.15	9.29	(u)	-
Daiwa Japan Small Equity Fd (u)				
Daiwa Japan Small Eq	$11.77		-0.12	-
Dean Witter World Wide Invest. Tst SA				
NAV	$24.51			-
The Dragon Fund Sicav				
NAV Nov 6	$93.30		....	-
Dresdnerbank Asset Management SA (u)				
Thornton-Lux Tiger	DM55.46	58.23		-
Espirito Santo Investment Mgmt (SICAV)				
Southern European Fd	$10.27			-
Eureco Management S.A.				
Eureco Fd NAV Nov 5	Ecu29.88		....	-
Europe Plus Investissement (SICAV) (u)				
NAV Nov 5	Ecu135.46		+0.06	-
Europe Value Fund (u)				
NAV	$11.71		-0.01	-
Fidelity Intl Inv Mngt (Luxembourg) SA				
Fidelity Investment (CI) Ltd				
Finistra International Group NV				
Yamato Equity Wrrt Fd	$5.02	5.27	-0.53	-
Five Arrows Intl Bond Fund (u)				
Rothschild Asset Management (CI) NAV per share	$11.71		+0.01	-
Fleming Group				
Gartmore Luxembourg S.A.				
Gota Global Selection (u)				
Inpremet (u)				
NAV July 18	$9.60		....	-
International Bond Trust				
CCIC A NAV	$12.88		....	-
EECLS B NAV	$32.86			
International Speciality Fund (u)				
Intl Speciality	$10.58			-
Investissements Atlantiques SA				
NAV Oct 15	$25.26	25.52	....	0.3
JC Global Fund-SICAV				
NAV	$11.00		-0.03	-
Latin American Management Co Ltd (u)				
Laurvest Intl Fd-Global P'folio FCP (u)				
NAV Nov 7	$9.49		+0.01	-
Liberty ALL-STAR World Pfolio-Eqty Fd(u)				
NAV Nov 6	$9.64		-0.04	-
Lloyds Bank Luxembourg				
Mediterranean Fund (SICAV) (u)				
NAV Nov 6	Ecu10.48		-0.16	-
Merrill Lynch Asset Management				
MIM Britannia International Ltd				
Morgan Stanley Sicav				
NM Income & Gwth Fd				
NAV	$16.85		-0.02	-
Nikko Luxembourg S.A.				
Nomura Asia Europe Fund				
NAV	$10.18		-0.01	-
Nomura Asian Infrastructure Fd SICAV				
NAV	$9.65		-0.03	-
Nomura Dragon Global Fund				
NAV	$9.29		-0.08	-
Nomura Growth Fund SA				
NAV	Y11,052		(u)	-
Nomura Prudential Fd Pt II				
NAV	$11.19		-0.14	-
Nomura Prudential Global Portfolio				
NAV	$13.06		-0.17	-
Nomura Rosenberg Alpha Fund Mark II				
Portfolio A: NAV	$11.30		-0.08	-
Portfolio B. NAV	$10.50		-0.19	-
Rosenberg Global Mngt Co SA (u)				
Rosenberg Alpha Fund Global				
Portfolio A : NAV	$9.62		-0.04	-
Portfolio B : NAV	$10.57		-0.05	-
Rosenberg Management SA (u)				
Rosenberg Alpha Fund Yield				
Portfolio A: NAV	$10.22		+0.06	-
Portfolio B: NAV	$10.88		+0.06	-
Rosenberg US Japan Mngmt Co SA (u)				
Rosenberg Alpha Fund US Japan				
Portfolio A: NAV	$8.35		-0.09	-
Portfolio B. NAV	$8.96		-0.09	-
SCI/TECH SA				
SCI/Tech NAV	$18.12		-0.01	-
Security Pacific Funds S.A. Lux				
Security Pacific Global Fund				
Global Equities Port	$10.35	10.92	-0.09	-
Global Fixed Inc Port	$10.24	10.77	-0.01	-
US Core Equities Port	$10.89	11.50	-0.08	-
US Govt Securities Port	$10.40	10.48	-0.01	-
Security Pacific Money Market Fund				
The Managed Portfolio	$10.44	10.72	-0.03	-
Strategic International Gold Fund S.A.				
U.S. $	$6.90		....	-
Target International Fountain Fund				
Global Managed	SFr2.21		-0.03	-
U.K.	SFr2.15		+0.02	-
Japan	SFr1.98		-0.04	-
Gold Shares	SFr1.27		+0.01	-
North American	SFr2.13		-0.03	-
Multicurrency Bond	SFr2.25			-
North European	DM2.84		-0.01	-
Orient	SFr2.02		-0.03	-
Target International Ltd				
Intl Growth Fd.	$20.05	21.1609	-0.1583	-
Templeton Worldwide Investments				
Growth Portfolio				
Class A-1 $	$8.73		....	-
Class A-2 $	$9.03		....	-
Class A-3 $	$8.86		....	-
Class B-1 $	$8.62		....	-
Class B-2 $	$8.92		....	-
Income Portfolio				
Class A $	$11.60		....	-
Class B $	$11.52			
Top Brand Fund Intl-SICAV (u)				
Top Brand Fd Intl	$13.68	14.37	+0.14	1.39
Inv Ad Warburg Asset Mngt London				
Transworld Bond Trust				
NAV	$12.41		+0.01	-
US Pacific Stock Fund (u)				
NAV	$15.23		..	-
Unibank SA, Frontrunner I (u)				
Equities 92	Ecu79.32		....	-
Danish Bonds	DKr101.97			
Global Bonds	DKr104.85			
Global Bonds	DM102.34			
Sterling Fund	£112.52			
Unico Financial Services SA Lux				
DG Investment Bank Ltd				
Unico Invest. Fund	DM72.18	74.40	....	3.00
Unico Equity Fund (u)	DM55.78	57.45		3.00
Viking Fund-SICAV				
§NAV Nov 5 Ecu81.74				
World Bond Fund-SICAV (u)				
World Bond Fund	$22.59	23.73	+0.02	0.84
Inv Ad Warburg Asset Mngt London				
World Capital Gwth Fd-SICAV (u)				
World Cap Gwth Fd	$11.88	12.52	-0.07	0.80
Inv Adv Warburg Asset Mngt London				
Yamaichi Advanced Technology Fd				
Advanced Tech	$23.72		....	-
Yamaichi 1992 OMNI Fund SICAV (u)				
NAV	$11.30	11.36		-

SWITZERLAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
B.I.A. Bond Investments AG 217180						
10 Baarerstrasse CH6301 Zug, Switzerland						
Barer Sf. Series A		SFr-	900.0	958.0	..	-
Barer Sf. Series B		SFr-	900.0	958.0	..	-

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
ATSP Management Ltd				
Panhellenic Long Term Equity Fund NAV Sept 30	$14.42		....	-
Aberdeen Fund Managers (Gsy) Ltd				
The New Asia Fund Ltd NAV US$ (diluted)	$7.28		..	-
Adig Investment				
Adiverba	DM20.11	20.71	-0.01	-
Adiverba	DM138.62	145.56	-1.2	-
Fondak	DM68.95	72.40	-0.92	-
Fondis	DM56.14	58.95	-0.82	-
Aetna Malaysian Growth Fd (Cayman) Ltd				
NAV Nov 5	$8.0171		..	-
Alliance Capital				
Alliance	$5.11	5.41	-0.04	-
Global Bond Fund	$12.47	12.86	-0.01	-
Global Leisure	$10.08	10.39	+0.02	-
Health Care	$26.96	28.30	-0.10	-
Hi Yield Bond	$4.44	4.70		12.77
International	$14.68	15.53	-0.16	-
International Class B	$14.69	14.69	-0.16	-
Intl. Tech	$14.33	15.08	-0.09	-
Quasar	$15.00	15.87	-0.04	-
Quasar Class B	$14.98	14.98	-0.05	-
Mortgage	$8.60	9.10		9.56
Global Small Cap	$7.91	8.37	-0.02	-
Global Small Cap Class B	$7.90	7.90	-0.02	-
Technology	$16.85	17.83	+0.01	-
Alliance International Currency Reserves US Dollar Reserves May 16-22 0.001058 (5.67%pa)				
Arral Associates Ltd				
Asian Fd	$119.50		....	-
International Hedge	$87.08			
Asian Convertibles & Income Fd (Cayman)				
NAV Nov 5	$9.98			-
Austro-Hungary Fund Ltd				
Lloyds Bank Fund Managers (Guernsey) Ltd NAV Nov 1	$8.60		....	-
Julius Baer Bank & Trust Co Ltd				
Bank of Ireland Unit Managers Ltd				
Global Scap	9.51	9.79	....	-
Baring International Group				
The Batavia Fund Ltd				
NAV Oct 11	$10.12		....	-
Bermuda Intl Invmnt Mgmt Ltd				
Bordier Funds Ltd				
Korea Fd NAV Nov 2	$62.40		....	-
Bridge Management Ltd				
Bridge Singapore Asset Mngmt Ltd				
Singapore & Malay Tst	$14.81	15.47	....	10.85
Butterfield Management Co Ltd				
Centrade ITEC Fund Management				
Capital International				
Capital Int. Fund	$85.55		....	-
Citizens Investment Trust Mgt Co Ltd				
Korea Gwth Tst NAV Nov 5 Won 24,058.11 US$33.54				
Korea 1990 Trust NAV Nov 5 Won 3,162.43 US$4.41				
Seoul Asia Index Tst NAV Nov 6 Won 6,517.03 US$9.07				
Connaught Investments Ltd				
Credit Lyonnais Rouse (Bermuda) Ltd				
DWS Deutsche Ges. F. Wertpapiersp				
Daehan Investment Trust Co Ltd				
Korea Trust NAV Nov 3 Won 38,781 (US$54.27)				
Seoul Trust NAV Nov 5 Won 24,114 (US$33.74)				
Daehan Korea Tst NAV Nov 5 Won 6,654 (US$9.31)				
Daehan Asia Tst NAV Nov 5 Won 6,697 (US$9.37)				
Daiwa APT Japan Fund				
Daiwa APT Jap	$7.3024	7.4877	....	-
Daiwa Intl Capital Management (H.K.) Ltd				
Daiwa Japanese Equity Warrant Fund				
Deutscher Investment-Trust				
Dreyfus Intercontinental Inv. Fd.				
Elders (Switzerland) Invest. Mngt. SA				
Emerging Markets Management				
Ermitage Group				
Europe 1992				
NAV	$10.35		+0.02	-
S.G. Europe Obligations SA				
Europe-Obligations	$105.00		+1.48	-
FFM / Swiss Financial Services				
Multiple Advisory Ltd	2055.45		....	-
Fidelity Investment (CI) Ltd				
Fidelity Japan OTC Regional Mkts Fd Ltd				
Fidelity International Ltd NAV Nov 2	$9.588		....	-
The First Mexico Income Fund				
NAV Oct 24	$20.91		....	-
Forbes Securities Management Ltd				
Gilt High-Income	34.8	36.7	....	11.9
Gold Inc	$0.95	1.01	....	15.4
Gold Appreciation	$1.58	1.67	....	-
Formosa Fund				
NAV Nov 6 NT$1606.65 IDR value US$58.92				
Frankfurt Trust Investment-GmbH				
FTinterzins	DM40.46	41.67	....	-
Frankft. Effekt. Fd	DM145.60	152.88	....	-
Free World Fund				
NAV Oct 31	$68.45		....	-
The French Prestige Fund				
NAV Nov 5	$23.43		....	-
Equivalent	FFr132.90			
Frobisher Fund Limited				
NAV Nov 5	$4.03	4.30	-0.01	-
GT Chile Growth Fund Ltd				
NAV Oct 30	$10.32		....	-
GT European Warrant Fd Mngrs (Lux) SA				
GT European Wrrt	$7.71		-0.06	-
GT Investment Mngmt Co SA				
GT Investment Fd(z)	$13.44		-0.02	0.30
GT Management Plc				
GW Investment Mngmt Ltd				
GW Guaranteed Futures Ltd-Ser I NAV July 31 US$9.15				
Gaia Currency Funds				
Gaia Hedge I	$119.88	120.40	..	-
Gaia Hedge II	$280.68	284.37		-
Gaia Hedge III	$114.25	117.58		-
Gaia Gtd Crrncy	$86.70			-
GAM Fund Management Ltd (u)				
GAM Universal US Dlr Acc		$105.74	....	-
GAM Universal US Dlr Inc		$105.74	....	-
GAM Universal DM Acc		DM103.03	....	-
GAM Universal DM Inc		DM103.03	....	-
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio		0.99	+0.01	11.98
Growth Portfolio		£1.12		3.00
Balanced Portfolio		0.99	-0.01	2.18
Genesis Fund Managers Ltd				
Chile Fund Oct 31	$-	11.10	+0.07	-
Emerging Mkts Oct 31	$-	12.71	+0.37	-
Malaysia Ninja Oct 29		8.30	....	-
German Selection Associates N.V.				
NAV Nov 1	DM1726.35		....	-
Gertrust SA				
Samurai Portfolio	SFr256.50	279.70		-
Global Asset Management Corp				
Global Government Plus Fund				
c/o Prudential-Bache Secs (UK) Inc NAV Oct 26 US$6.96 Cdd C$8.12xd				
Granville Management Limited				
Granville Inv Tst	£0.96	1.00	....	2.40
Next dealing day November 14				
Group One Limited				
Merrill Lynch Intl & Co c/o MLE US S&P 500 Index Ser 1	$270.40	283.10	-1.79	3.43
Shearson Lehman Hutton Securities Utility Value Trust	$1144.45		+2.688	7.23
Utility Value Trust 3	$1050.84		+1.889	7.08
Group One International Tst				
European Community UCITS	$980.71	1021.58	-0.88	9.10
GNMA UCITS Series 1	$631.17	652.37	+4.28	8.00
Hamon Investment Partners Ltd				
Selected Asian P'folio	$8.82	8.83	....	-
Haussmann Hldgs NV Curacao				
NAV Oct 31	$310.32		....	-
Hill Samuel Investment Services Intl (z)				
Bank von Ernst & Cie AG Crossbow (Far East)	SFr11.91	12.67	-0.15	-
CSF (Int Man)	SFr32.48	34.56	-0.27	-
ITF Fd (Technology)	$15.49	16.40	+0.05	-
O'seas Fd (N Amer)	$43.65	45.95	....	-
Huntington World Investors Fds Ltd				
Managed Currency	$14.15	14.33	....	7.71
The India Magnum Fund NV				
NAV	$29.56		....	-
Indosuez Asia Invest Services Ltd				
Internarket Fund				
NAV Sept 30	$440.06		....	-
The Japan Capital Secured Trust				
NAV Oct 31	$8.7269		....	-
Japan Selection Associates N.V.				
NAV Nov 1	Y10,829.0		....	-
Jardine Fleming Inv Mngt Ltd				
Jardine Fleming Unit Trusts Ltd				
Kestrel Management Ltd				
Sterling Share Oct 31	£15.51		....	-
US Dollar Sits Oct 31	$30.92		....	-
Korea Investment Trust Co Ltd				
Korea International Trust NAV Nov 7 Won 32,599.75 IDR Value US$45,301.06				
Seoul International Trust NAV Nov 7 Won 24,035.07 IDR value US$33,461.05				
Korea Equity Trust NAV Nov 7 Won 6,569.48 IDR Value US$9,145.87				
Korea Pacific Trust NAV Nov 7 Won 6,917.05 IDR Value US$962.98				
Landerbank				
Eurolander Fd	DM1221.16	1292.76	....	-
Lehman Brothers Sports Growth Fund				
NAV Aug 31	$8.75		....	-
Lippo Asia Ltd				
Jaya Fd (Cayman) Ltd NAV	$8.32		....	-
Lloyds Bank (CI) U/T Mngrs				
Lloyds Trust Overseas	192.2	206.71	....	1.22
Dealing weekly on Thursday				
London Portfolio Services plc				
Lon Port Gtd Co I Ltd	$88.50		....	-
Lon Port Gtd Co II Ltd	$8.64			
M & G (Cayman) Ltd				
Australian Ex Oct 24	$4.92	5.21	....	3.28
Gold Ex Nov 7	$30.84	32.47	....	1.96
(Accum Units)	$55.88	58.83	+0.03	1.96
McDonnell & Co (Bermuda) Ltd				
McD Merger Arbitrage	$19.23	20.19	-0.98	-
McD Fin Arbitrage	$29.48	30.95	+0.17	-
McD Futures	$14.78	15.52	-0.03	-
McD Diversified	$16.12	16.93	-0.14	-
McD US Equity	$7.89	8.28	-0.21	-
McD Sabre Gld Ltd Fd	$10.44	10.96	+0.01	-
McD Forex Fd	$9.32	9.79	+0.27	-
McD US Govt Secs Fd	$10.64	10.79		-
Magnum Fund Mngmt (Bermuda) Ltd				
Magnum Futures Fund				
Sterling Class	£5.39		..	-
US Dollar Class	$9.57		..	-
DM Class	DM21.19½			
Malaysia Capital Fund Ltd				
NAV Nov 2	$8.35		....	-
Malaysia Growth Fund				
NAV Nov 2	$10.37		....	-
Malaysia Select Fund Ltd				
NAV Oct 31	$8.9016		....	-
Malaysian Smaller Co's Fd (Cayman) Ltd				
Royal Trust Asset Mngmt (Asia) Ltd NAV Nov 5	$8.98		..	-
Man International Futures				
MINT LIMITED-Ord	$46.47		....	-
MINT LIMITED-Inc	$15.39		....	-
MINT GTD LTD Ser A	$24.89		..	-
MINT GTD LTD-Spec. Iss	$22.92		...	-
MINT GTD LTD-Nov 1993	$21.93		...	-
MINT GTD LTD-Jan 1994	$17.72		...	-
MINT GTD LTD-Dec 1994	$15.53		...	-
MINT GTD LTD-Aug 1995	$12.62		....	-
MINT GTD (Pacific) LTD (A)	$11100.12		..	-
MINT GTD (Pacific) LTD (B)	$10974.40		..	-
MINT Global Gtd Ltd	$110.46		....	-
FBIRE MINT GTD PLC	$127.10		...	-
MINT Sp Res Ltd (BMP)	$115.87		....	-
MGA Pacific Ltd	A$1.17		....	-
Athena Gold Futures Ltd	$10.38		....	-
AHL/ABN	$110.97		....	-
Meridian Funds				
Money Market	$1.00		....	7.02
US Govt Income	$9.83		+0.01	-
Global Govt Income	$11.75		-0.06	-
Global Equity	$11.59		+0.01	-
Multi-Currency	$12.05			-
Merrill Lynch Int Capital Mngt (GSY) Ltd				
India Fd NAV Oct 31	£2.51		....	-
Indosu Cap Dual NAV Nov 2	$9.59		....	-
Indosu Cap DII NAV	$-		....	-
Euro Spain NAV Nov 1	$8.95		....	-
(For information only)				
Morgan Stanley Japanese Warrant Fund NV				
NAV	$14.5856		....	-
Murray, Johnstone (Inv. Adviser)				
American P'folio Oct 31	$22.57	23.70	....	-
European P'folio Oct 31	9.73	10.22	....	-
Japan P'folio Oct 31	$210.03	220.53	....	-
Pacific P'folio Oct 31	$9.62	10.10	....	-
NM Financial Mngt Intl Ltd				
NM Hong Kong Fd	HK$21.330	22.461	(z)	10.64
Int Residentl Prop Fd	£0.908	1.008	....	4
The New Zealand Fund				
Manager: Leadenhall Offshore Ltd The NZ Fund	$5.55	5.94	..	-
Newport International Management				
Npt. Intl. Securities	$35.70		....	-
Npt. Intl. Inc. Fd	$21.35		..	-
Npt. Pacific	$24.12		..	-
Nomura Warrant Fund 1990 Ltd				
NAV	$4.51		....	-
Nomura Warrant Fund 1990 Ltd – Contd.				
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr281.0	282.0	..	-
Low Risk Fund	DKr222.0	223.0	....	-
High Perf Fund	DKr269.0	270.0	....	-
Bond Fund	DKr163.0	164.0	....	-
Second Low Risk Fd	DKr176.0	177.0	....	-
Second High Perform Fd	DKr208.0	209.0	....	-
Mixed Intl Fd	DM143.0	144.0	....	-
Invest Fd (Cayman)	DKr127.0	128.0	....	-
High Perf Fd (Cayman)	DKr136.0	137.0	....	-
Bond Fd (Cayman)	DKr125.0	126.0	....	-
Mixed Fd (Cayman)	DM114.0	115.0	....	-
High Security Fd	DKr144.0	145.0	....	-
High Income Fd	£11.1	11.2	....	-
Dollar Growth Fd	$1.15	1.16	....	-
Dollar Income Fd	$1.16	1.17	....	-
North Star International Currency Fund				
US Dollars	$12.2	12.3	....	-
Pound Sterling	£12.2	12.3	....	-
Deutschmark	DM122.0	123.0	....	-
Japanese Yen	Y1220.0	1230.0	....	-
Optima Group				
Optima Fd NAV Nov 2	$12.63		..	-
Optima Short Fd NAV Nov 2	$12.63			
Orbis Investment Management Ltd				
Orbis Global Eqty	$8.71	9.15	....	-
Orbis Optimal Eqty	$12.09	12.70	....	-
Orbis Leveraged Eqty	$11.64	12.31		
* Prices on Nov 1 Next Pricing Nov 8 Weekly Pricing				
Orbitex Bahamas Ltd				
Orbitex Growth Fund	$5.3625	5.8985	..	-
Orbitex Nat Res Fd	C$6.3314	6.9645		
ORIENT Growth Fd				
NAV	$11.09		+0.11	-
PAM Futures Trading (Cayman) Ltd				
NAV Oct 15	$446.29			-
PFC Internatl Portfolio Fd Mngt Ltd				
PRS International				
PRS Value Fd	$1080.53		..	-
PRS Acq'tion Arbitrage	$19.66		..	-
PRS Managed Futures	$14.76		..	-
PRS Hedged Equities	$15.15		..	-
PRS Fixed Rate	$10.38			-
Pacific Growth Fund				
NAV	$17.87		-0.06	-
Pierson Heldring & Pierson				
Tokyo Pac Hldgs NV	$232.7		..	-
Leveraged Cap Hldgs NV	$334.79		..	-
Asia Pac Gth Fd NV	$30.33		..	-
Asian Selection	DM140.91		..	-
DP Am Gth Fd NV	$21.57		..	-
Europe Gth Fd NV	DM54.37		..	-
Japan Diversified Fd	$48.63		..	-
Portugese Investment Fund Ltd				
NAV Nov 1	80.2240		..	-
Prospect H I Port N.V.				
Prospect HI Port	$8.375	8.625	..	-
Do NAV Oct 26	$4.11			
Putnam International Advisers Ltd				
Emrg Hith Sci	$17.80		..	-
Emrg. Info. Sci	$12.21		..	-
High Income GNMA	$8.97		..	-
International Fund	$11.62			-
Global Hi Gth Fnd	$11.79		-0.01	-
Global Govt. Inc. Tst	$15.06		..	-
Quantum Fd NV Curacao				
Quantum Fund	$17,635	18,149	+108	-
Quilter International Management Ltd				
Quadnt. Intcl. Bond	$1.05	1.10	+0.03	-
Quadnt. Intcl. Euro	$2.72	2.86	+0.05	-
Quadnt. Intcl F. East	$2.63	2.76	-0.11	-
Quadnt. Intcl. N Amer	$1.83	1.92	....	-
Real Estate Strategies Ltd				
IRES International	C$-	1193.30	....	-
Rothschild Asset Management (CI)				
OC Commodity	117.3	125.5	-1.0	1.71
NM Rothschild Asset Management Limited				
Tokyo Pac (Seabrd)	$169.80		....	-
Royal Trust Asset Mngmt (Asia) Ltd				
Asian Spec Sits	$11.27	11.85	....	-
Indonesian Growth	$11.53	12.12	....	-
Managed Currency	$11.39	11.46	....	-
Nippon Shoken	$9.64	10.14	....	-
Pacific Growth	$9.28	9.76	....	-
Asia-Pacific Growth	$51.230	1.310	-0.005	-
Singapore Growth	$0.850	0.910	....	-
Royal Trust North American Bond Fd				
NAV Nov 7 US$9.32				
Sabre Fund Mngt Ltd				
Futures Fd $	$22.79		..	-
Financial "A" $	$12.73		..	-
Safra Republic Holding				
Republic GAM Fd	$101.88		....	-
Schroder Investment Management Limited				
Cap US Equity Nov 6	$7.28		....	2.47
Vanguard Sm Cap Nov 6	$8.21			
Schroder Japanese Warrant Fund				
Undiluted NAV Nov 2	$7.13		..	-
Diluted NAV	$-			
Schroders Asia Limited				
Schroders Australia Ltd				
Schroder Aust Sh	A$4.95	5.24	..	-
Scimitar Bermuda Funds				
Scimitar Futures Fd	$1.791	1.882		-
Guaranteed Fd	$8.52		+0.22	-
Guaranteed Currency Fd	$10.73			
Scudder, Stevens & Clark Inc				
Brazil NAV Nov 2	$6.92		..	-
Korea NAV Nov 2	$12.01		..	-
New Asia NAV Nov 2	$17.09		..	-
New Europe NAV Nov 2	$11.03		..	-
Sec High Yld Inv NAV Nov 1	$19.76			14.36
Segespar Securities (Bermuda) Ltd				
Great Way Ltd NAV Sep 28	$18531.75		..	-
Siam Smaller Companies Fund Ltd				
Royal Trust Asset Management (Asia) Ltd NAV Nov 1	$8.89		..	-
Singer & Friedlander Ldn. Agents				
Tokyo Tst NAV Oct 29	$15.72		..	1.0
Smaller Cos Tst Oct 19	106.5	112.5		6.0
Skandifond				
Societe Generale Merchant Bank plc				
Soditic Asset Management Inc				
SAM Diversified Inc	107.80		....	-
Sovereign Portfolio Management				
Currency & Gold	$122.21		....	-
Intl Futures Pool	$132.03			
Sterling Offshore Fund Admin. Ltd.				
Property Reversions	£0.88	0.93		-
Sterling Fxd Int	£0.76	0.81		15.00
Stronghold Investment Mgrs (Bermuda) Ltd				
Stronghold Int Bond	$267.04		..	-
Tabasco Fund Managers Limited				
Tabasco Fd	$10.21		....	-
Taipei Fund				
c/o Prudential-Bache Capital Funding (Equities) Ltd NAV NT$1232.50 IDR US$45.23 (Nov 6)				
Templeton Galbraith & Hansberger Ltd				
Global Inc Nov 6	$10.43	11.11	+0.01	-
The Thai Development Capital Fd				
NAV Oct 31	$10.01		..	-
The Thai-Euro Fund Ltd				
Lloyds Bank Fund Mngrs (Guernsey) Ltd NAV Nov 2	17.12		....	-
The Thai Prime Fund Limited				
NAV Nov 2	$13.51		....	-
The Thailand Fund				
NAV Nov 7 Baht 781,077.94 IDR value US$31,286.92				
The Thailand Growth Fund				
NAV US$13.31 Nov 2				
The Thailand Intl Fund Ltd				
Fidelity International Ltd NAV Nov 2	$16.50		....	-
T. Rowe Price Associates, Inc				
TRP Fr'der Ltd NAV Oct 31	$13.35		....	-
Thornton Investment Management Ltd				
Three-Way Asset Allocation Funds				
TWAA Fund I*	$105.51	105.56	..	-
TWAA Fund II*	$105.97	106.01	..	-
* Prices as at Nov 2				
Tudor BVI Futures Ltd				
NAV Nov 5	$7352.16		-0.58	-
Tudor G-5 Unit Trust				
NAV Oct 31	$1056.34		....	-
Tyndall International (Bermuda) Ltd				
American Special Sits	$39.23	41.20	+0.39	-
Capital Protection (z)	C$11.07	11.62		-
Commodity	$27.66	29.05	-1.19	-
Eurobond	$31.74	33.34	+0.06	-
Money (z)	$35.92	37.71	+0.01	6.84
Mortgage (z)	C$14.76	15.50		-
North American	$34.50	36.24	-0.01	-
Overseas	$24.37	25.60	-0.19	-
Pacific Gold	$3.58	3.77		-
Tiger	$36.45	38.28	-0.14	-
Union-Investment-Gesellschaft GmbH				
Unifonds	DM30.14	31.70	-0.50	-
Unirak	DM68.02	71.45	-0.35	-
Unirenta	DM35.70	36.80	....	-
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Sicav)				
Dollar Fd BOPUPs	$10.33	10.34	....	-
Dollar Fd OPUPs	$7.99	8.07	....	-
Sterling Fd BOPUPs	£10.76	10.77	....	-
Sterling Fd OPUPs	£7.45	7.52	....	-
DM Fd BOPUPs	DM10.23	10.24	....	-
DM Fd OPUPs	DM7.05	7.12	....	-
Yen Fd BOPUPs	$9.47	9.48	....	-
Yen Fd OPUPs	$7.93	8.00	....	-
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$10.75	11.30	....	0.71
Japanese Warrants	$7.37	7.81	+0.18	-
Asian Warrants	$7.70	8.16	-0.01	-
European Warrants	$6.00	6.36	+0.02	-
Managed	HK$9.20	9.81	+0.05	-
Wellington Fd Mngrs (Guernsey) Ltd				
Incol Growth Fd	$12.84	13.49	....	-
Wells Fargo U.S. IT Fund				
NAV Nov 6	$9.77		-0.03	-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0062		....	-
Xiphias Int ECU	Ecu0.9651		..	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. e Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ‡‡ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at another D-Mark low

THE DOLLAR hit another record low against the D-Mark, depressed by interest rate factors and the weak US economy.

There was no important economic news yesterday, but Eurodollar rates had a softer tone and remained well below equivalent rates for the D-Mark and Japanese yen. On the other hand, higher oil prices put downward pressure on the yen against the dollar and European currencies.

Congressional elections in the US had little impact on the market, but it was suggested that the dollar may receive support now the elections are out of the way, if the way has been cleared politically for military action in the Gulf.

Mrs Margaret Thatcher, the UK prime minister, encouraged this view when she told parliament in London that "either he (President Saddam Hussein of Iraq) gets out of Kuwait or we and our allies will remove him by force. He will go down to defeat with all its consequences. He has been warned."

Comments from officials in Germany tended to weigh on the US currency. Mr Helmut Haussmann, German economics minister, said the dollar's fall to record lows against the D-Mark is due to the weakness of the US economy, lack of faith in the US banking system and interest rate developments. He added that only 7 per cent of German exports went to the US and the effect of the weak dollar on the German economy should not be over-estimated.

Earlier this week Mr Johann Wilhelm Gaddum, a Bundesbank board member, said he does not expect central bank intervention to support the dollar. He added that there was no sign of intervention from the US at present and if the US did not intervene there was no reason for the Bundesbank to act.

The dollar fell through support at DM1.4800, touching a low of DM1.4785, but had rallied to DM1.4820 at the London finish. This was a record closing low however, and below Tuesday's close of DM1.4865. The US currency also fell to FFr4.9700 from FFr4.9850 and to SFr1.2435 from SFr1.2490, but rose to Y128.10 from Y127.25. The dollar's index improved to 59.9 from 59.8.

Sterling traded quietly waiting for political and economic developments. A possible leadership challenge to Mrs Thatcher created a nervous undertone and the market is also waiting for today's Autumn statement on the UK economy from Mr John Major, chancellor of the exchequer.

The pound was again the weakest currency in the exchange rate mechanism of the European Monetary System and remained below its central rate against the D-Mark, falling to DM2.9300 from DM2.9325. Sterling also declined to FFr9.8225 from FFr9.8375 and to SFr2.4575 from SFr2.4650, but rose to Y253.25 from Y251.25. It gained 30 points against the dollar to \$1.9765. The pound's index shed 0.1 to 94.3.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 7	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.115	−3.38	4.22	59
Belgian Franc	42.4032	42.3372	−0.16	0.86	12
Irish Punt	0.767417	0.767286	−0.02	0.72	5
German D-Mark	2.05586	2.05668	0.04	0.66	3
French Franc	6.89509	6.89779	0.04	0.66	3
Dutch Guilder	2.31643	2.31873	0.10	0.60	0
Danish Krone	7.84195	7.86906	0.35	0.35	−12
Italian Lira	1538.24	1545.10	0.45	0.25	−18
Sterling	0.696904	0.701786	0.70	0.00	−13

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov.7	Latest	Previous Close
£ Spot	1.9760-1.9770	1.9750-1.9760
1 month	1.02-1.00pm	1.01-0.99pm
3 months	2.73-2.70pm	2.61-2.58pm
12 months	8.07-7.97pm	7.84-7.74pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.7	Previous
8.30 am	94.3	94.5
9.00 am	94.3	94.5
10.00 am	94.3	94.5
11.00 am	94.3	94.5
Noon	94.3	94.5
1.00 pm	94.4	94.4
2.00 pm	94.4	94.4
3.00 pm	94.4	94.4
4.00 pm	94.3	94.4

CURRENCY MOVEMENTS

Nov 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.3	-18.0
U.S Dollar	59.9	-19.3
Canadian Dollar	100.9	-0.4
Austrian Schilling	110.4	+12.1
Belgian Franc	112.3	-1.7
Danish Krone	111.3	+5.5
Deutsche Mark	119.9	+25.6
Swiss Franc	116.5	+24.7
Guilder	115.3	+16.6
French Franc	106.1	-10.9
Lira	99.7	-19.5
Yen	135.7	+72.2

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). **Rates are for Nov 6.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9710 - 1.9790	1.9760 - 1.9770	1.01-0.99cpm	6.07	2.71-2.68pm	5.45
Canada	2.2880 - 2.2995	2.2920 - 2.2930	0.34-0.28cpm	1.62	0.57-0.50pm	0.93
Netherlands	3.29¼ - 3.31¼	3.29½ - 3.30½	1⅝-1½cpm	5.68	4¼-3⅞pm	4.85
Belgium	60.10 - 60.40	60.20 - 60.30	28-25cpm	5.28	71-64pm	4.48
Denmark	11.19¾ - 11.22½	11.20¼ - 11.21¼	3¼-3⅛orepm	3.81	9¾-8⅞pm	3.32
Ireland	1.0870 - 1.0990	1.0935 - 1.0945	0.36-0.31cpm	3.67	0.97-0.84pm	3.31
Germany	2.92½ - 2.93¾	2.92½ - 2.93½	1½-1⅜pfpm	5.89	3⅝-3½pm	4.78
Portugal	256.10 - 257.65	256.65 - 257.65	27-49cdis	-1.77	114-176dis	-2.26
Spain	183.40 - 184.55	183.95 - 183.25	3-11cdis	-0.46	34-46dis	-0.87
Italy	2196 - 2206½	2200¾ - 2201¾	7-6lirepm	3.54	16-14pm	2.73
Norway	11.40¾ - 11.43¾	11.42 - 11.43	3-2½orepm	2.89	6⅞-6¼pm	2.30
France	9.80½ - 9.84¼	9.81¼ - 9.82¼	3½-3¼cpm	4.12	8⅝-8⅜pm	3.49
Sweden	10.92½ - 10.96	10.94 - 10.95	¼-½oredis	-0.41	1⅞-2⅜dis	-0.78
Japan	251 - 253¾	252¾ - 253¾	1⅜-1¼ypm	5.92	3½-3¼pm	5.33
Austria	20.55 - 20.65	20.59 - 20.62	9¼-8½gropm	5.17	24½-22½pm	4.51
Switzerland	2.45 - 2.46¾	2.45¾ - 2.46¾	1¼-1cpm	5.49	3⅛-2⅞pm	4.88
ECU	1.4145 - 1.4210	1.4145 - 1.4156	0.22-0.21cpm	1.82	0.71-0.68pm	1.96

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.73-4.68cpm . 12 Month 8.06-7.96cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9710 - 1.9790	1.9760 - 1.9770	1.01-0.99cpm	6.07	2.71-2.68pm	5.45
Ireland†	1.8020 - 1.8100	1.8070 - 1.8080	0.38-0.33cpm	2.36	1.12-1.02pm	2.37
Canada	1.1605 - 1.1650	1.1620 - 1.1630	0.42-0.45cdis	-4.49	1.23-1.28dis	-4.32
Netherlands	1.6665 - 1.6760	1.6695 - 1.6705	0.05-0.08cdis	-0.47	0.24-0.28dis	-0.62
Belgium	30.45 - 30.60	30.45 - 30.55	1-3cdis	-0.79	5-9dis	-0.92
Denmark	5.66 - 5.68¾	5.66¾ - 5.67¾	0.98-1.18oredis	-2.29	3.30-3.80dis	-2.50
Germany	1.4785 - 1.4865	1.4815 - 1.4825	0.02-0.05pfdis	-0.28	0.26-0.29dis	-0.74
Portugal	130.00 - 130.65	130.00 - 130.10	80-90cdis	-7.84	240-270dis	-7.84
Spain	92.85 - 93.35	93.10 - 93.20	48-52cdis	-6.44	145-152dis	-6.38
Italy	1110 - 1116	1113½ - 1114	2.00-2.50liredis	-2.42	7.50-8.50dis	-2.87
Norway	5.76½ - 5.80	5.77¾ - 5.78¾	1.30-1.65oredis	-3.06	4.40-4.90dis	-3.22
France	4.95¾ - 4.98¾	4.96¾ - 4.97¼	0.77-0.82cdis	-1.92	2.44-2.54dis	-2.00
Sweden	5.53 - 5.55	5.53½ - 5.54	2.80-3.20oredis	-6.50	8.20-9.20dis	-6.28
Japan	127.20 - 128.45	128.05 - 128.15	0.01dis-0.01ypm	0	0.04-0.07dis	-0.17
Austria	10.40¼ - 10.45½	10.40¾ - 10.41¼	0.75-1.10grodis	-0.97	2.20-3.20dis	-0.95
Switzerland	1.2380 - 1.2470	1.2430 - 1.2440	0.05dis-0.09cpm	0.19	0.16dis-0.21pm	0.08
ECU	1.3920 - 1.3940	1.3920 - 1.3930	0.23-0.20cpm	1.85	0.71-0.65pm	1.95

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞ - 14⅞	14¾ - 14⅝	14¼ - 14	13¾ - 13⅝	13¼ - 13⅛	12⅞ - 12¾
US Dollar	7⅞ - 7¾	7⅞ - 7⅞	8 - 7⅞	8⅛ - 8	8⅛ - 7⅞	8⅛ - 7⅞
Can. Dollar	12⅝ - 12⅜	12⅝ - 12⅜	12⅛ - 12⅛	12⅛ - 11⅞	11⅞ - 11⅞	11¾ - 11⅝
D. Guilder	8⅝ - 8⅛	8⅞ - 8⅞	8⅞ - 8¾	8⅞ - 8⅞	8⅞ - 8¾	9 - 8⅞
Sw. Franc	8¾ - 8⅜	8⅞ - 8⅞	8½ - 8⅜	8⅞ - 8⅞	8½ - 8⅜	8½ - 8⅜
Deutschmark	8¼ - 8	8¼ - 8⅛	8⅜ - 8¼	8⅞ - 8⅞	8⅞ - 8⅝	9⅛ - 8⅞
Fr. Franc	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9¾	10 - 9⅞	10½ - 10	10½ - 10¼
Italian Lira	13 - 11	10¾ - 9¾	10⅞ - 10½	11 - 10½	11¼ - 10⅞	11⅝ - 11¼
Belgian Franc	8⅞ - 8⅞	8⅞ - 8¾	8⅞ - 8⅞	9¼ - 9	9⅜ - 9¼	9½ - 9⅜

MONEY MARKETS

London rates firm

INTEREST RATES rose in London yesterday as hopes faded of an early cut in UK bank base rates. Tuesday's action by the Bank of England, in not supplying enough assistance to take out the full credit shortage, was taken as a signal that the authorities remain cautious about a drop in rates at present.

Yesterday's help also failed to take out the full shortage, leaving overnight money firm.

UK clearing bank base lending rate 14 per cent from October 8, 1990

Three-month sterling interbank rose to 13¾-13⅝ from 13⅝-13⁹⁄₁₆ per cent, while 12-month money firmed to 12¾-12⅝ from 12⅝-12½ per cent.

Short sterling futures were firm however, on speculation that despite signs of caution the weakness of the UK economy will force a cut in base rates before the year-end. December delivery opened slightly weaker at 86.94 and fell to 86.91, before rising to a peak of 87.02 and closing at 87.01 against 86.98 previously.

Credit was in very short supply on the London money market. The Bank of England initially forecast a shortage of £1,200m, but revised this to £1,150m at noon and back to £1,200m in the afternoon.

Total help of £940m was provided. An early round of assistance was offered. At that time the Bank of England bought £185m bills outright, by way of £104m Treasury bills in band 1 at 13⅞ per cent and £81m bank bills in band 1 at 13⅞ per cent. Before lunch another £312m bills were purchased, via £2m Treasury bills in band 1 at 13⅞ per cent and £310m bank bills in band 1 at 13⅞ per cent. In the afternoon the authorities bought £358m bank bills in band 1 at 13⅞-13⅞ per cent. Late assistance of around £85m was also provided.

Bills maturing, repayment of late assistance and a take-up of Treasury bills drained £629m, with exchequer transactions absorbing £275m, a rise in the note circulation £125m, and bank balances below target £170m.

In Frankfurt call money declined to 8.15 from 8.20 per cent after the Bundesbank added DM3.8bn at a securities repurchase agreement tender. There was disappointment that the allocation was not higher, since money is required to repay funds from public authorities, lent to the market under section 17 of the Bundesbank act. The central bank provided DM27bn for 35 days at a fixed rate of 8.00 per cent, against an expiring facility of DM23.2bn.

FINANCIAL FUTURES AND OPTIONS

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
October	1606.0	1583.0	-40.5	1609.0	1583.0	7,536
November	1613.0	1593.0	-36.0	1613.0	1593.0	468
December	1620.0	1620.0	-13.5	1620.0	1620.0	-
March	-	-	-	-	-	-

Estimated volume 6,450 Total Open Interest 8,004

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	Nat Westminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	15½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Westpac Bank Corp.	14
Beneficial Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.1% Savewise 7.7%. Top Tier-£50,000+ instant access 13.7%

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,388 Set by MUTT

ACROSS
1 Mystic eager to get inside when it was very cold (3-3)
4 Arrived under one's own steam? (4-4)
10 Refrain dedicated to Teddy (7)
11 Out of action almost indefinitely due to some very strange things (7)
12 Lasso a painter (4)
13 High tension after two soldiers return from leave, but there's nothing at all wrong with that (5,5)
15 Sharpness of turn in a large town (6)
16 Quiet interlude at Cuckoo Bay: very soothing (7)
20 Row about stray dog (7)
21 Astute review of sculptor's work (6)
24 Bird made mistake with hooter on vessel (6-4)
26 Live with a posh old lover (4)
28 Breezes into the last English local before yours (7)
29 See money-lender in modest bar (7)
30 No name: have a feeling it's something very silly (8)
31 Trumpet brought the drunk this distance? (6)

DOWN
1 Loan firm could make this easy (8)
2 Points to the right for suitable river transport (9)
3 Elegist said to be dull (4)
5 Happening to get flu badly when there's so much going on (8)
6 A cleaner to stump the clergy (10)
7 How are the old folks getting on? (5)
8 Slight suspicion raised over eastern ballet position (6)
9 Pleased with oneself for standing out? (5)
14 Potter's eye can detect a mechanical copy (10)
17 Gambler gone away richer than before? (6,3)
18 Old Spanish coin is on the way up, for those who take a practical view (8)
19 Animal outside sleeping-berths: he'll expose the whitewash (8)
22 A chap carrying little weight coming up the river (6)
23 Like a swan, tremulous (5)
25 King in the money, then financial disaster (5)
27 Story of maiden with a lisp (4)

Solution to Puzzle No.7,387

TERMINI COPPICE / POSED TAILORING / NEURALGIA EAGLE / TACIT IMPOUNDED / DESTROYER ENSUE / VIOLA LIMELIGHT / DEFOLIANT TWAIN / RULINGS REPLETE

WORLD STOCK MARKETS

AUSTRIA

November 7	Sch	+ or –
Austrian Airlines	2,660	–140
Creditanstalt	3,350	–100
Erste Allgemeine	19,850	–649
Jungbunzlauer	8,650	–200
Laenderbank	1,280	–10
OeMV	8,650	–130
Perlmooser	1,580	+20
Radex	790	–15
Reininghaus	1,770	–70
Steyr-Daimler	159	–2
Veitscher Mag	690	–10
Verbund	465	–15
Wienerberger	4,930	–70

BELGIUM/LUXEMBOURG

November 7	Frs.	+ or –
ACEC-Union Min	2,520	–110
Arbed	3,010	–40
B.B.L.	2,540	–30
Bank Intl. a Lux	13,000	----
Banque Gen. Du. Lux	13,000	----
Barco	1,490	–4
Bekaert	7,990	+100
Ciment CBR	6,300	+100
Cobepa	4,985	+25
Do. AFV 1	4,900	–20
Cockerill	146	+2
Colruyt	2,795	–55
Delhaize	5,810	–10
EBES	4,275	+25
Do. AFV 1	4,170	+45
Electrafina	6,200	–30
Fabrique Nat	197	----
GIB Group	1,128	–2
Do. AFV	1,104	----
GBL(Brux)	3,400	–50
Do. AFV 1	3,350	----
Gechem	678	----
Do. AFV	696	----
Generale Bank	4,400	–50
Do. AFV 1	4,575	+70
Gevaert	7,060	–140
Intercom	3,410	+15
Do. AFV 1	3,290	–10
Kredietbank	3,195	–95
Do. AFV	3,225	–215
Pan Holdings	12,100	----
Petrofina	10,550	–100
Royale Belge	4,900	+140
Do. AFV 1	4,840	–60
Soc Gen Belge	1,925	–5
Do. AFV	2,190	+185
Sofina	11,000	+200
Solvay	10,100	----
Tessenderlo	5,960	+70
Do. AFV	5,700	+50
Tractebel	7,950	–30
Do. AFV 1	7,800	+240
UCB	18,500	–75
Do. AFV	17,725	–275
Unerg	2,175	----
Do. AFV 1	2,160	----
Wagons Lits	8,040	–500
Do. AFV	7,490	+400

DENMARK

November 7	Kr	+ or –
Baltica Hldgs	990	–15
Carlsberg	1,300	–20
Danisco	857	–3
Den Danske Bank	282	–4
East Asiatic	215	–1
FLS Inds. B	810	–20
GN Great Nordic	730	–11.2
Hafnia Invest A	865	–15
I.S.S. B Systems	835	–15
Jyske Bank	386	–2
Lauritzen (J) B	1,270	–30
NKT A/S	415	+5
Novo Nordisk	327	+3
Royal C'hagen A	520	----
Sophus Berendsen	1,270	+20
Superfos	4,900	–20
TopDanmark	1,200	–10
Unidanmark	272	–3

FINLAND

November 7	Mka	+ or –
Amer	60.1	–0.9
Cultor	38	–1
Enso-Gutzeit R	12.2	–0.2
Huhtamaki I Free	75	----
KOP	32	----
Kone	470	+5
Kymmene	56	+1
Nokia Pref Free	48	----
Pohjola 'B' Free	65	–1
Rauma-Repola	23	----
Stockmann 'B'	93	+3
Tampella (Free)	28	–2
UBF 'C'	21	----
Utd. Paper Prf.	87	–2
Wartsila (s11)	369	----

FRANCE

November 7	Frs.	+ or –
Accor	719	–5
Air Liquide	651	–11
Arjomari-Prioux	1,779	----
Auxiliare d'Ent	990	+40
BIC	504	–8
BSN	735	–14
Bancaire Cie	428.8	–13.2
BNP (Cert.Inv.)	229	–0.1

FRANCE (continued)

November 7	Frs.	+ or –
Beghin-Say	690	+4
Do. Certs	588	----
Bongrain	2,351	+1
Bouygues	404	–9
CFAO	394.2	–3.8
CGIP	825	–26
CMB Packaging	103.7	+0.5
Canal+	904	–9
Carrefour	3,380	–30
Casino	128.2	–3
Cetelem	425	+5
Chargeurs	772	–19
Ciments Fr.	1,020	–20
Club Mediterranee	418.5	–5.5
Cogifi	396.9	+1.9
CGE	552	–19
Coparex	681	–57
CCF	145.5	–1.5
Cred Foncier Fr	861	–9
Cred Lyons (CI)	541	–4
Credit National	886	–3
Damart	1,980	+5
Docks de France	3,531	–14
Dollfuss-Mieg	365.1	–4.9
Eaux (Cie Gen)	2,226	–45
Ecco	300	+1.7
Elf-Aquitaine	629	–10
Do. Certs	469	–1
Epeda-Bertrand	925	–18
Essilor	278	–3
Elex	1,545	----
Eurafrance	1,302	–14
Eurocom	715	+4
Euro Disneyland	93.2	+0.65
Euromarche	2,940	–115
Exor	1,315	–7
Finextel	138	+10.9
Fonciere Lyonn	865	+1
Fromageries	1,660	–40
GTM-Entrepose	294.6	–0.4
Gaumont (Soc N)	1,000	----
Gen Geophysique	960	----
Gen. Occidentale	564	–8
Hachette	162.3	–7.8
Havas	501	–25
Imetal	223	–2
Immeubles de Fr	1,200	----
Immobanque	700	–15
Industrielle	4,898	----
Interbail	427	+13
Intertechnique	1,006	–14
LVMH	3,550	–51
Lafarge Coppee	334	–4
La Henin	535	----
L'Oreal	485	–13.8
Legrand	3,400	–66
Locafrance	428	+8
Lyon Eaux Dumez	479	–7
Maisons Phenix	118	–2
Matra S.A.	210	–11.4
Merlin-Gerin	469.9	–9.1
Michelin B	63.1	–1.55
Midi (Cie)	864	–27
Moulinex	82	+0.9
Navigation Mixt	1,302	----
Nord Est	119	–2
Nouvelle Galer.	680	–1
OFP	1,554	–26
Orsan	137	–4
Paribas	462	–2.1
Paris Reescompte	292	–3.1
Pechelbronn	1,319	----
Pernod Ricard	938	–40
Perrier	1,150	–5
Peugeot S.A.	479.1	–4.9
Poliet	399	–19
Pretabail Sicomi	999	+17
Printemps Au	558	–11
Promodes	1,805	–5
Radiotech	325	–9
Redoute	2,900	–95
Rhone-Poul (Cts)	241	–1.9
Roussel-Uclaf	1,950	+55
SILIC	630	+7
Sagem	1,340	–25
St.Gobain	380.5	–6.4
Saint Louis	1,320	+35
Sanofi	832	–2
Schneider	620	–5
Seb SA	1,180	+1
Sefimeg	489	+9
Simco	536	–6
Skis Rossignol	720	–10
Soc. Gen. de Fr	385	–0.9
Sommer-Allibert	1,235	–23
Spie-Batignolles	397.9	–0.1
Suez (Fin de)	290.1	–10.9
Taittinger	3,860	–20
Thomson (CSF)	91.85	–0.55
Total-Petroles Fr.	644	–3
UAP	513	–7
UFB Locabail	225	–3
Uniball	755	–5
Union Immob Fr	565	+5
Valeo	329	–7.8
Vallourec	222	–3.5

GERMANY

November 7	Dm.	+ or –
AEG	205	–2
AG Ind & Verkehr	823	–7
Aachener Mu (Reg)	660	–10
Allianz AG	2,050	–55
Altana	470	----
Asko Deutsche K	898	+8
Do. Prf.	730	+3
BASF	187.6	–2.6
Badenwerk	211	–6
Bayer	195.3	–0.9
Bayer-Hypo	292.8	–4.7

GERMANY (continued)

November 7	Dm.	+ or –
BMW	389.9	–13.6
Bayer-Verein	305.7	–9.3
Beiersdorf	660	–5
Berliner Kraft.	126.5	----
BHF-Bank	343	–14
Bilfinger & Berg	879.9	–5.1
Brown Boveri	735	–15
Colonia Versich	1,250	----
Do. Pref.	630	----
Commerzbank	206	–4.5
Continental AG	205	–5
DLW	572	–3
Daimler-Benz	550	–14.5
Deckel (Fr.)	148.5	–2
Degussa	275	----
Deutsche Babcock	129.8	–4.4
Deutsche Bank	560	–12.5
Didier-Werke	155	–7
Douglas Hldgs	840	–11
Dragerwerk	277	+2
Dresdner Bank	350.5	–16.5
Fag Kugelfischer	275	–10
Gerresheimer	292	–2
Goldschmidt (TH)	685	–4.5
Hamburg Elekt	186	+2.5
Hapag Lloyd	328	----
Heidelberger Zem	1,040	–58
Henkel Pref.	574.5	–10.5
Herlitz	339	–5
Hochtief	1,291	–3.5
Hoechst	179.5	–1.5
Hoesch	205	–4.2
Holzmann (P)	1,348	–32
Horten	216	–2
Industriekredit.	250	+2
Industrie Werke	275.5	–3
Kali & Salz	145	–1
Karstadt	660.5	–11
Kaufhof	546	–14
KHD	166	–5
Kloeckner Werke	138	–1.5
Kraft Werke Rh	296	----
Lahmeyer	1,000	–5
Leifheit	728	–2
Linde	770	–11
Lufthansa	108	–2.2
Do. N/V Pref.	101.5	–1.5
MAN	365	+3
Do. Pref.	302.5	+2.5
Mannesmann	262.5	–1.5
Mannheimer Vers	803	+3
Mercedes Hld	460	–10
Metallgesell	427.1	–9.1
Muench Rck (Reg)	2,120	–30
PWA	208	–1
Philips Kommun.	510	+2
Porsche	760	–5
Preussag	294	–5.8
Rheinelektra	2,600	–50
Rhein West Elect	391.5	–2
Do. Pref.	313	–2
Rheinmetall Berl	313	–6
Do. Pref.	193	–4
Rosenthal	360	----
Schering	691.5	+13
Schmalbach-Lub	285	–3
Siemens	578	–14.8
Springer Axel Vg	690	–25
Sud-Chemie	600	----
Thyssen	184.5	----
Varta	296	----
Veba	296.5	–6.5
V.E.W.	211	–1
Verein-West	318	–5
Viag	337	–7
Volkswagen	333	–8
Do. Pref.	285	–11
Wella Pref.	688	–30
Zanders Feln'per	210	----

ITALY

November 7	Lire	+ or –
Banca Com'le	4,275	–154
Banca Naz Agric	5,480	----
Banco Lariano	6,010	–100
Bastogi-IRBS	273	–11
Burgo (Cartiere)	7,802	–98
CIR	2,850	–150
Caffaro	765	–20
Cementir	2,070	–62
Ciga hotel	3,330	–145
Cofide	2,862	–68
Credito Italiano	2,260	–70
Danieli	7,999	–101
Eniment	1,080	–17
Eridania	8,209	–180
Ferruzzi Fin	1,948	–48
Fiat	5,911	–250
Do. Priv.	4,288	–111
Fidis	6,099	–111
Fondiaria	37,910	–510
Gemina	1,658	–32
Generali Assicur	31,610	–790
Gilardini Inds.	3,375	–100
IFI Priv.	15,195	–255
Italcable	6,820	–95
Italcementi	18,950	–200
Italgas	2,668	–32
Lloyd Adriatico	13,550	–330
Magneti Marelli	995	–20
Mediobanca	14,170	–480
Montedison	1,161	–49
Olivetti	3,610	–251
Pirelli Co	6,150	–150
Pirelli Spa	1,571	–69
Rinascente La	5,665	–135
RAS	18,590	–290
SIP	1,105	–45
Saffa A	7,370	–31
Saipem	1,799	–1

ITALY (continued)

November 7	Lire	+ or –
SASIB	6,745	–86
Sirti Spa	10,850	–60
SME	1,330	----
Snia BPD	1,470	–55
STET	1,762	–73
Toro Assicur	20,800	–655
Tosi Franco	29,860	–910
Unicem	9,920	–80

NETHERLANDS

November 7	Fls.	+ or –
ABN Amro Hldgs	31.30	+0.1
ACF Holding	32.90	----
AEGON	111.00	----
Ahold	130.00	–0.1
AKZO	64.30	–2.2
AMEV	44.10	–0.7
Bols Lucas	169.50	+1
Borsumij Wehry	71.00	–1.2
Buehrmann-Tet	49.10	–0.9
Centrale Suiker	83.50	–0.5
DAF	17.60	–0.2
DSM	79.20	–1.1
Dordtsche Petroleum	129.80	–1.1
Elsevier Dp Rcts	75.30	–0.4
Fokker	32.40	----
Gamma	91.00	–2.5
Gist Brocades	27.20	–0.3
Heineken	123.00	+0.4
Holl. Beton	166.50	–0.2
Hoogovens	51.80	–0.8
Hunter Douglas	59.50	–1
IHC Caland	32.00	–0.3
Int Mueller	74.00	–1
KLM	18.90	–0.4
Kempen	9.00	+0.5
KNP	36.2	+0.2
NMB Postbank	41.10	–0.2
Nat Ned Cert	47.70	–0.6
Nedlloyd	37.90	–1.9
Nijverdal-Ten Ct	87.50	–2
Nutricia Ver B.	111.50	+1
Oce Grinten	37.50	----
Ommeren (Van)	40.80	----
Pakhoed	194.30	–1.2
Philips	18.80	–0.3
PolyGram	33.50	+0.3
Robeco	85.70	–0.4
Rodamco	49.10	–0.5
Rolinco	80.60	–0.4
Rorento	60.10	----
Royal Dutch	131.90	–1.3
Unilever	144.80	–1.9
VMF Stork	44.30	–0.1
VNU	79.00	----
Wessanen	57.90	–0.5
Wolters Kluwer	51.10	+0.1

NORWAY

November 7	Kroner	+ or –
Aker A (Free)	95.00	+5
Bergesen A	111.00	+2
Ch'stiania Bk Free	88.00	+5
Den norske Bk Free	148.00	–2
Dyno Ind.	103.00	+1
Elkem (Free)	120.00	–5
Hafsl Nyco A Free	140.00	+5
Kvaerner (Free)	225.00	+10
Nora Indust Free	285.00	----
Norsk Data A	39.00	–2
Norsk Hydro	198.50	–2.5
Norske Skog A Fr	120.00	----
Orkla Borr (Free)	210.0	+5
Saga Pet A Free	155.0	----
Saga Pet B Free	156.0	----
Storebrand (Free)	115.00	----
Vard AS A	89.50	+4.5

SPAIN

November 7	Pts.	+ or –
Banco Bilbao Viz	2,560	–40
Banco Central	4,530	–15
Banco Exterior	3,395	+5
Banco Hispano	2,780	+5
Banco Popular	8,650	+10
Banco Santander	4,540	+15
Banesto	2,940	–80
Bodegas Bebidas	3,300	----
Citroen Hispania	4,600	----
Corp Fin Alba	5,700	----
Corp. Mapfre	4,025	–55
Dragados	2,370	–5
Ebro	2,340	+5
Electra Viesgo	3,190	+10
Endesa	1,890	–10
Energia Ind Ara	1,100	–15
Ercros	650	–18
Esp Carburos Mt	3,935	+160
Esp Acero Tudor	1,000	----
Fasa Renault	3,620	----
Fecsa	552	+1
Hidroel Cantab.	1,490	–10
Hidrola	412	+3
Iberduero	622	----
Koipe	2,960	----
Metal Duro-Felg	1,195	–15
Petroleos (Cia Esp)	1,920	+40
Portland Vald.	19,100	----
Repsol	2,135	–15
SNIACE	282	–22
Sarrio	725	–2
Sevillana Elec.	460	+3
Tabacalera	3,550	+20
Telefonica	798	----
Union Elec-Fen.	470	+1
Union y el Fenix	6,270	+230
Uralita	1,720	–30
Urbis Ser.2	1,590	–60

SWEDEN

November 7	Kroner	+ or –
AGA B (Free)	263	–5
Alfa-Laval B (Free)	175	–10
Asea B (Free)	529	–5
Astra A (Free)	490	–10
Astra B (Free)	487	–8
Atlas Copco A (Free)	170	–14
Electrolux B (Free)	134	–3
Ericsson B (Free)	208	–8
Esselte B (Free)	136	–1
Gambro B Free	131	+1
Mo Och Dom B Free	152	–8
Nobel Free	80	+2
Procordia B (Free)	130	----
Saab-Scania B Free	158	–5
Sandvik B (Free)	215	----
Skandia (Free)	139	–2
Stan Enskilda C	56.5	–0.5
SKF B Free	70.5	–2
Stora Kopp B Free	200	+4
SCA B (Free)	75	–2
Svka Handelsbn.	103	----
Trelleborg B Fr	95	–7
Volvo B (Free)	238	–8

SWITZERLAND

November 7	Frs.	+ or –
Adia Intl (Br)	915	–5.0
Do. Ptg.Certs.	98	–2.0
Alusuisse Lonza	915	–28
Do. Ptg. Certs.	75	+0
Baloise Hld Ptg	2,000	–20
Brown Bov (Br)	4,380	–70
Do. Ptg.	830	–15
CS Hldgs.	1,650	–15
Ciba Geigy (Br)	2,290	–10
Do. (Reg)	1,890	–10
Do. (PtCts)	1,860	–30
Elektrowatt	3,220	–10
Elvia	1,650	–50
Fischer (Geo.)	1,340	–20
Do. Ptg.	220	–11
Forbo	1,980	----
Holderbank (Br)	4,350	–50
Holzstoff (Br)	4,850	----
Jelmoli	1,630	–40
Do. Ptg. Certs	335	–5
Landis and Gyr	925	----
Do Priority Ptg	84	+0
Leu Hldgs (Br)	1,160	+30
Do. Ptg.	190	----
Mag. Globus Ptg	800	+10
Mikron (Reg)	460	----
Motor-Columbus	1,340 xr	–20
Nestle	7,620	–40
Do. (Reg)	7,480	–10
Oer-Buhrle	500	–40
Pargesa Hldg	1,070	–10
Pirelli	365	–5
Richemont	7,070	–30
Roche Hldgs (Br)	6,350	–25
Do (Genuss)	3,685	–15
Sandoz (Br)	8,700	–50
Do. (PtCts)	1,700	–5
Schindler (Br)	5,000	–250
Do. (PtCts)	775	–15
Sika	750	–40
Surveillance (Br)	5,860	–20
Swissair	590	+5
Swiss Bank (Br)	260	–1
Do. Ptg.	219	----
Swiss Reinsce	2,650	–50
Do. Ptg.	456	–6
Swiss Volksbk	1,035	–35
Union Bank (Br)	2,600	+20
Do. Ptg.	103	–8
Winterthur	3,490	----
Do. Ptg.	675	–1
Zurich Ins	3,570	–10
Do. Ptg.	1,680	–15

SOUTH AFRICA

November 7	Rand	+ or –
AECI	13	–0.25
Allied Tech	70.5	----
Anglo Am Coal	85	----
Anglo Am Corp	93.75	–0.1
Anglo Am Gold	243 xr	–4
Barlow Rand	31	–0.25
Buffels	57	+1
CNA Gallo	15.5	----
De Beers/Centen'y	63.6	–0.15
Deelkraal Gold	9	–0.15
Driefontein	40.5	+0.5
East Rand Gold	7.75	+0.25
Elandsrand Gold	30.5	----
First Nat. Bank	28.5	----
Free State Cons Gold	34	----
Gold Fields SA	69	----
Hartebeest.	21.5	----
Highveld Steel	12.75	----
ISCOR	1.78	----
Kinross Gold	59	–0.5
Kloof Gold	34.5	----
Libanon Gold	2.7	----
Malbor Hldgs	14.25	----
Nedcor	10.25	----
OK Bazaars	13.35	+0.1
Palabora Mining	63.25	----
Rembrandt	13.25	+0.25
Rust Plat.	61.75	–0.5
Safmarine & Ren.	36	----
Sage Holdings	6.25	----
Smith (CG) Fds	27.1	----
SA Brewers	36.75	+1
SA Mang. Amcor	20.25	----
Tiger Oats	23	+1
Tongaat Hulett	13.5	----
Vaal Reefs	250	+4
Western Deep	128.75	+1.75

JAPAN

November 7	Yen	+ or –
Ajinomoto	1,540	–20
Akebono Brake	800	–30
All Nippon Air	1,260	–20
Alps Electric	1,440	–10
Amada	1,250	–10
Amano	1,980	–20
Ando Construct	1,260	+50
Anritsu	1,580	–40
Aoki Corp.	960	+25
Arabian Oil	7,400	–100

AUSTRALIA (continued)

November 7	Aust$	+ or –
Kidston Gold	2.25	+0.02
Lend Lease	14.10	+0.5
MIM	1.96	+0.05
Mayne Nickless	5.40	+0.1
Metal Manuf	1.81	+0.01
Mineproc Hldgs	0.49	----
Nat.Aust. Bank	5.80	+0.14
Newcrest Aust.	0.95	+0.01
News Corp	5.84	–0.22
N Bkn Hill Peko	2.18	+0.01
Pacific Dunlop	4.79	+0.12
Pancont'l	1.79	–0.01
Pasminco	1.56	–0.04

¶ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 7 November 1990

	Stocks Traded	Closing Prices	Change on day
M'bishi Heavy	9.8m	712	-8
Kubota	9.4m	671	-10
Kyocera Elec	8.5m	1,450	+40
N'matsu Cnstrn	7.7m	1,370	+90
Tokyu Cnstrn	7.6m	1,150	+130
S'tomo Elec	7.3m	1,220	-20
Kyudenko	5.7m	2,000	+130
Daifuku	5.2m	2,810	+150
Sanyo Elec	5.1m	680	-16
Sato Kogyo	4.9m	1,720	+70

3pm prices November 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A-A-A -								
37⅛	9½	AAR	.48	4.8	6	549	10⅛	9¾	10	- ⅛
9⅜	7¾	ACM n	1.01	12.		175	8⅛	8⅛	8¼	
11⅛	9⅜	ACMIn	1.26	12.		1684	10⅛	10	10⅛	
9¼	6½	ACM M	n1.01	14.		290	7⅞	7⅛	7⅛	
12⅛	10	ACMMM	1.50	13.		50	11⅝	11½	11⅝	+ ⅛
11½	8⅝	ACM Sc	1.26	13.		526	9⅞	9¾	9¾	
8⅞	7⅛	ACMSp	1.01	12.		423	8⅜	8¼	8⅜	
24⅝	15⅞	AL Lab	.16	.8	17	60	19	18¾	19	+ ¼
5¾	1	AM Intl				242	1½	1⅜	1⅜	
21⅜	4⅝	AM In pf	2	30.		18	6¾	6½	6¾	+ ⅛
73½	39¾	AMR			14	2186	48	47	47	- 1⅛
26½	25	ANR pf	2.67	10.		120	26¼	26	26¼	+ ¼
4	1½	ARX			6	107	2	1⅞	2	+ ⅛
72¾	38¼	ASA	3	6.6		654	45⅞	45⅛	45⅜	- ⅜
45⅝	31¼	AbtLab	a.84	2.1	19	6391	40¼	39⅞	39⅞	- ⅛
14	11¼	Abitibi	g .50			3	11⅛	11⅛	11⅛	
11⅝	4⅝	AcmeC	.40	7.3	7	68	5⅝	5½	5½	
9⅜	5¼	AcmeE	.32	6.1	9	6	5½	5¼	5¼	
32¾	18⅞	Acuson s			19	851	25	23⅝	23¾	- 1⅛
16⅞	14⅛	AdaEx	2.08e	14.		52	15¼	15	15	
15⅜	10	Adobe				577	12	11½	11½	- ⅜
21⅜	19¾	Adob pf	2.40	12.		6	20⅛	20⅛	20¼	+ ¼
11⅜	3⅝	AMD				1179	3⅞	3⅛	3⅛	
32⅛	13	AMD pf	3	19.		112	16	15	16	+ ½
9¼	1⅝	Advest	16	8.0		70	2	1⅞	2	+ ⅛
62	29	AetnLf	2.76	8.2	8	4872	34⅞	33¼	33½	- ⅜
12¾	6¼	AflPb	.24	3.6		z1018	6¾	6⅝	6⅝	
22½	10⅜	Ahmans	.88	7.3	6	2056	12¼	12	12	- ⅛
3⅝	1⅞	Aileen			8	28	3⅛	3⅛	3⅛	- ⅛
61	42⅞	AirPrd	1.44	3.0	12	884	48⅞	48	48	- 1
27	13½	AirFrt s	.30	1.9	8	142	16⅛	15⅞	16⅛	+ ⅛

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- X - Y - Z -								
60¼	29	Xerox	3	9.6	6	1560	31½	31⅛	31⅛	+ ⅛
32¾	13⅞	XTRA	.72	5.1		76	14⅜	14¼	14¼	- ⅛
25	12¾	XTRA pf1.94		15.		7	13	13	13	
4	⅝	Zapata				611	11-16	⅝	⅝	- 1-16
9½	3¼	Zemex				16	3⅜	3¼	3¼	
13¼	4	ZenithE				497	5¾	5⅞	6	- ⅛
19⅛	9⅞	ZenNtl	.88	8.5	7	56	10⅜	10¼	10⅜	
6	4½	Zenix	.93	19.		144	4⅞	4¾	4⅞	+ ⅛
17⅛	8⅞	Zero	.40	3.9	11	158	10⅝	10⅜	10⅜	- ⅛
51⅛	29⅝	Zurnin	.88	2.9	13	429	32⅛	30⅛	30⅛	- 1⅞
12⅝	10⅛	Zweig	1.18e	11.		226	10½	10⅜	10½	+ ⅛
10	7⅞	ZweigTl	.84	10		755	8½	8¼	8¼	- ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s) b-annual rate of dividend plus stock dividend c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

3pm prices November 7

NASDAQ NATIONAL MARKET

3pm prices November 7

AMERICA

Dow declines as treasury auction keeps volume thin

Wall Street

REBOUNDING oil prices, some profit-taking and futures-related programme selling helped push US equities broadly lower yesterday morning in slow trading, *writes Karen Zagor in New York.*

At 2pm, the Dow Jones Industrial Average was down 29.46 at 2,455.69. Declining issues led those advancing by a ratio of five-to-two. The Dow retreated 17.08 to 2,485.15 on Tuesday.

The stock market decline was prompted by a resurgence in oil prices, with the December crude oil contract rising $1.45 a barrel to $34.08 at mid-session.

Uncertainty about the treasury's auction of 10-year notes in the afternoon kept a number of investors away from the stock market in the morning, and fewer than 91m shares had changed hands on the New York Stock Exchange by 1.30pm.

Continental Corp added $1 at $21¼ after the insurance group turned in third quarter net income of 97 cents a share, against a loss of 54 cents a year earlier.

Shares in USF&G, however, slipped $⅝ to $11⅛ after the big insurance group turned in a third quarter loss and reduced its dividend. The chairman of USF&G said yesterday that he would take early retirement and a number of jobs will be cut.

Browning Ferris dropped another $2⅛ to $22⅛ in heavy trading, after plummeting $6 on Tuesday when the group said it was taking a special charge of $67.1m to cover litigation settlement costs.

Waste Management, which was also charged with violating federal anti-trust law and has also agreed to the settlement, fell $1⅝ to $31½ in active trading.

Among other actively traded issues, BankAmerica was unchanged at $21¼, General Motors eased $⅛ to $37⅛ and IBM dipped $⅞ to $107.

MCA weakened $2¼ to $61⅛ following an overnight fire at Universal studios.

On the American Stock Exchange, shares in Continental Airlines Holdings hardened $⅛ to $2⅞. Late on Tuesday the airline holding company posted a third quarter loss of $2.31 a share, compared with $4.09 a year earlier.

Unlisted issues also moved broadly lower, with the Nasdaq composite falling 3.22 to 337.31 at mid-session.

Technology-related stocks, which had helped the market advance last week, started to move lower in morning trading. Apple Computers shed $¾ to $32¾, Intel lost $⅝ to $35⅛ and MCI Communications receded $1¼ to $30⅛.

Infotechnology rose sharply after the head of the company recommended the sale of its primary operations, including the FNN cable news network in which Infotechnology holds a 47 per cent stake.

Canada

NERVOUSNESS about the US treasury refunding and higher oil prices pushed Toronto stocks lower by midday yesterday. The composite index lost 11.0 to 3,083.7 on volume of 15.8m shares. Declines led advances by 211 to 149.

Laidlaw class B shares eased C$⅛ to C$19¾ after a sharp fall on Tuesday. Environmental service companies were affected by a further tumble in the US by Browning Ferris.

Agnico-Eagle climbed C$1¼ to C$7 before trading in its shares was halted. The company said it would issue a statement later in the day.

EUROPE

Argument for quality as Frankfurt nears its lows

BOURSES seemed a little more decisive, if more distinctly bearish, yesterday, *writes Our Markets Staff.*

FRANKFURT saw the DAX index 27.09, or nearly 2 per cent, lower at 1,371.15, and talk of testing the September 28 year's low of 1,334.89. The FAZ dropped 12.93 to 598.51 at mid-session against its own 1990 low of 569.69. Volume rose from DM3.9bn to DM4.5bn.

On the Deutsche Terminbörse, Germany's options exchange, put options exceeded calls in rising volume, by 24,592 to 17,529 against 19,104 to 16,124 on Tuesday.

However, Dresdner Bank, which said at the end of September that German shares were at unrealistically low levels, is holding to that position. It sees "quality" shares – particularly in construction and retailing – as extremely cheap; and it noted relative strength in the big three chemicals, reflecting domestic dividend yields of 10 to 10.7 per cent.

Banks fell as their employees secured a 6 per cent wage rise. Dresdner itself lost DM16.50 to DM350.50. In London, James Capel trimmed its forecasts for Commerzbank but still sees the shares as cheap on a prospective p/e of about 8½.

Meanwhile, Capel is looking askance at BMW, down DM14.60 at DM389.90 yesterday, regarding it as the carmaker most sensitive to the 10 per cent luxury tax being imposed in the US. It also points out that it is exposed to the weakness of the dollar, and has sales falling in all main markets except Japan.

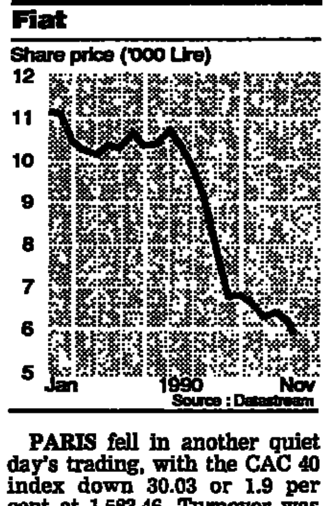
In one of the isolated bright spots, Schering rose DM13 to DM691.50 on a 15 per cent rise in net profits in the first nine months of 1990. SEL gained DM8 to DM283.50, DM18.50 higher over the past two days.

MILAN hit a new low, the Comit index falling 12.54 or 2.3 per cent to 539.49. Continued reaction to the collapse of Fiat's discussions with Chrysler of the US took the carmaker down through L6,000 to L5,911, L250 lower on the day.

Shares in Mr Carlo de Benedetti's stable were particularly hard hit, with Cir, the key holding company, L150 lower at L2,850 and Olivetti dropping L200 to L3,610.

Fiat

Share price ('000 Lire)



Source : Datastream

PARIS fell in another quiet day's trading, with the CAC 40 index down 30.03 or 1.9 per cent at 1,583.46. Turnover was about FFr1.6bn, partly lifted above Tuesday's level by a put-through of 250,000 shares in BSN at FFr732 each. The stock eased FFr14 to FFr735 with 306,960 shares traded.

Arjomari-Prioux, the paper maker, was suspended at the previous day's closing price of FFr1,779. In the same sector, the suspension of Wiggins Teape Appleton in London gave rise to speculation, including talk of a merger, or the purchase by Arjomari of the UK company's stake in Soporcel, the Portuguese pulp mill. Saint Louis, which owns 40 per cent of Arjomari, gained FFr35 to FFr1,320.

Hachette and Matra, the publisher and the defence group controlled by Mr Jean-Luc Lagardère, fell sharply, losing FFr7.80 to FFr162.30 and FFr11.40 to FFr210.

Péchiney certificates were also weak, closing FFr13.50 or 5 per cent down at FFr254.50, after a day's low of FFr248 with 48,500 shares traded. The French state-owned aluminium and packing group yesterday pointed out, however, that its forecast of a slight decline in net profits for the year comes after exceptional gains.

The group will make an exceptional gain of FFr2.7bn on the sale of its Paris headquarters this year, after having included an exceptional profit of FFr575m in last year's FFr3.34bn net earnings.

Meanwhile, Péchiney International, the company's quoted subsidiary, which saw its shares lose FFr2.50 to FFr123 yesterday, expects profits in franc terms to be up slightly in the second half, compared with the same period of last year. This implies that Péchiney International's profits will fall over the full 12 months, from the previous year's FFr1.27bn. In dollar terms, the full year's profits will be stable.

AMSTERDAM slipped in thin volume, with the CBS Tendency index down 0.8 at 93.6. Royal Dutch, which reports today, lost Fl 1.30 to Fl 131.90 and Unilever fell Fl 1.90 to Fl 144.80. Akzo, the chemical group, shed Fl 2.20 to a year's low of Fl 64.30 after last week's results.

Nat-Ned, the insurer, eased another 60 cents to Fl 47.70 after Monday's news of its planned merger with NMB Postbank, which slipped 20 cents to Fl 41.10.

ZURICH recovered most of its early losses to close with the Crédit Suisse index 5.6 lower at 470.1. Swiss Bank Corp, which said that its cash flow was expected to be lower this year, closed only SFr1 down at SFr260.

STOCKHOLM fell 2 per cent to another 1990 low, with the Affärsvärlden General index down 18.1 at 865.0. Turnover rose to SKr292m from SKr156m.

MADRID slipped back after the previous day's minuscule rise, with the general index falling 1.01 to 228.53.

ISTANBUL dropped 5 per cent, although volume was modest. The index shed 210.59 to 4,217.39.

South Korea makes a significant recovery

Jacqueline Moore explains why the news in October was good for the Seoul market

SOUTH KOREA, one of the year's worst performers, made a rapid recovery last month, achieving October's best performance by an emerging stock market.

The Korean market jumped more than 21 per cent in the four weeks to October 26 in dollar terms, according to figures from the International Finance Corporation, part of the World Bank, reducing its loss this year to 22 per cent from 36 per cent in September.

Almost all the domestic news in October was good for Seoul: talks between the prime ministers of North and South Korea increased hopes of eventual reunification; and relations with China, Japan and the Soviet Union improved.

Moreover, the stronger Japanese yen was beneficial for Korean exporters; the government said that it would not clamp down on money supply as had been expected; and the day set for the partial clearing of margin accounts passed without mishap, leading to a revival of speculative buying.

Mr Derek Wilson of Baring Securities says: "A number of big investors felt that the market had fallen considerably, and there were a lot of good news stories. So the individual investors piled in on the back of them."

Some of the previous month's other freefallers also recouped lost ground, with Thailand rising 11 per cent and Taiwan more than 9 per cent, both in dollar terms. However, Taiwan remains the worst performer this year.

Elsewhere, oil producers improved. The second and third best gains on the month were in Venezuela and Mexico, which added 18 and 12 per cent respectively in dollar terms. Venezuela has grown more than 400 per cent this year.

Latin America also fielded October's worst performer – Brazil, which plunged 24 per cent in dollar terms. Selling pressure was not heavy, says Ms Else Derrick of Latin American Securities, pointing to low trading volume during the period. But investors were discouraged by an inflation rate of 15 per cent a month, compared with expectations of 12 per cent; high real interest rates of 50 per cent a year; the failure of the pension funds to take as active a part as anticipated; and the Gulf crisis.

There are hopes that the market could turn higher again, however; some observers expect monthly inflation to fall to single digits in the second quarter next year, says Ms Derrick.

Last month was also notable for the 9 per cent decline in India in dollar terms. The Indian market, which had been rising rapidly since mid-June, was hit by an unexpected surcharge on corporate tax, part of a package designed to counteract the effects of the rising oil price.

Political uncertainty also emerged towards the end of the month, when a dispute over a religious site threatened to bring down the government of Prime Minister V.P. Singh. In spite of this, the market remains 41 per cent higher on the year.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	Oct. 31 1990	% Change over 4 weeks (Dollar terms)	% Change on Dec '89 (Dollar terms)	Oct. 26 1990	% Change over 4 weeks (Local currency terms)	% Change on Dec '89 (Local currency terms)
Latin America							
Argentina	(24)	261.86	−9.8	−37.6	8,141,489	−10.8	+157.4
Brazil	(56)	45.33	−24.1	−63.4	1,358,751	−8.5	+217.3
Chile	(28)	639.99	−3.5	+2.9	1,558.36	−0.5	+10.8
Colombia	(20)	275.12	+1.4	+20.8	1,263.40	+1.3	+49.3
Mexico	(54)	704.77	+12.0	+20.8	10,625.04	+12.9	+31.2
Venezuela	(13)	379.00	+17.9	+403.3	2,380.10	+18.2	+445.0
East Asia							
Korea	(63)	360.66	+21.7	−22.1	311.85	+21.7	−17.8
Philippines	(29)	925.42	+7.5	−52.0	1,163.80	+7.7	−45.2
Taiwan, China	(64)	428.67	+9.6	−67.5	290.90	+9.6	−66.6
South Asia							
India	(60)	288.21	−9.5	+41.1	416.90	−9.2	+50.8
Malaysia	26.26	126.26	+5.9	−16.9	140.47	+5.9	−16.9
Thailand	314.00	314.00	+11.0	−21.5	289.16	+9.9	−23.4
Europe/Middle East							
Greece	(26)	598.36	−6.6	+112.5	712.59	−7.3	+108.0
Jordan	(25)	89.85	+3.0	−2.9	153.92	+3.0	−1.7
Portugal†	(27)	519.70	+4.6	−23.7	445.72	+0.2	−32.1
Turkey‡	(18)	320.19	−5.2	+31.9	1,150.55	−4.9	+56.7

Source: International Finance Corporation. Base date: Dec 31,1984. †Jan 1986=100. ‡Dec 1986=100.

ASIA PACIFIC

Falling bonds and yen undermine equities

Tokyo

DECLINES IN bond prices and a slight weakening of the yen pushed the Nikkei average down 465.50 to 23,500.25 yesterday, helped by investment trusts trading arbitrage positions and foreign investors showing up as prominent sellers, *writes Emiko Terazono in Tokyo.*

The foreign sales, prompted partly by a fall on Wall Street, added little life to a dull market where volume rose from 280m to only 330m shares. Most investors stayed out of the cash and futures markets, waiting for the US elections results and the outcome of today's US treasury auction.

The yen opened sharply down and, while it recovered during the day, it ended still lower on balance at Y127.55 against the US dollar, compared with Y127.20 on Tuesday. Bonds drifted down, including the benchmark 119th government bond, which closed on a yield of 7.815 per cent, up from 7.750 per cent.

The Nikkei opened at the day's high of 23,938.34; the low was 23,401.46. Declines led rises *by 816 to 176 with 94 issues* unchanged. The Topix index of all first section stocks fell 29.30 to 1,752.32 although, in London, the ISE/Nikkei 50 index eased just 0.97 to 1,311.62.

Mr George Nimmo at SBCI said: "The market is gloomy and investors seem to have lost confidence in it. People are looking for excuses not to participate by stating underlying worries in the Gulf and other, domestic political, instability."

Large-capital issues were depressed by the lower bond prices. Nippon Steel declined for the third consecutive trading day, by Y10 to Y421. Trading houses, also sensitive to interest rates, followed suit, Marubeni losing Y15 to Y657.

Financials succumbed to profit-taking after the previous day's gains. Industrial Bank of Japan lost Y10 to Y2,890, Mitsui Taiyo Kobe Y130 to Y1,560 and Sumitomo Y50 to Y1,680.

Construction was an isolated bright sector. Tokyu Construction led the way, gaining Y130 to Y1,130 after revealing first-half profits double an earlier estimate. Nishimatsu Construction gained Y90 to Y1,370 and Raito Kogyo, the sub-contractor under investigation for its construction work, rebounded Y180 to Y2,610 after a Y70 decline the previous day.

In Osaka, large-capital and high-technology issues met selling pressure. The OSE average closed 391.33 lower at 27,349.36, but volume rose from 22.6m to 42.1m shares.

Stocks incorporated in the Kitahama Fund were strong, with Shimano Kogyo ending Y450 up at Y5,420 and Seiren rising Y270 to Y2,960. The regional investment trust, to be launched soon, is to be invested in companies based in Kansai, a growth area with an airport under construction.

Roundup

THERE WAS good and bad news in the Pacific Basin yesterday, and markets responded accordingly.

AUSTRALIA had better than expected news on inflation, the consumer price index rising by only 0.7 per cent in the September quarter for an annual rate of 6.0 per cent. The All-Ordinaries index put on 17.2 to 1,335.0.

Banks were firm ahead of results, NAB climbing 14 cents to A$3.80. However, News Corp's return to favour was reversed with a fall of 22 cents to A$5.84.

NEW ZEALAND rallied by 2.1 per cent, the Barclays index gaining 27.31 to 1,307.91 after Tuesday's 3.1 per cent drop. Turnover was moderate at NZ$8.5m, down from NZ$10.7m.

Bank of New Zealand recovered 5 cents to 58 cents after Tuesday's plunge of 19 cents, or 26 per cent, on news of a government-led bail-out from underperforming loans and bad debts.

TAIWAN staged a rally on a lower than expected inflation rate, although a technical bounce was also behind a climb in the weighted index by 222.17, or 6.4 per cent, to 3,689.87. Volume shrank from NT$70bn to NT$49.5bn.

SEOUL rose on a political compromise, which eased the rift in the ruling Liberal Democratic Party. The composite index added 18.03, or 2.5 per cent, at 720.96 on volume of Won297.2bn (Won309.3bn).

SINGAPORE reacted to a lawsuit against Far East Levingston Shipbuilding (FELS) and a US subsidiary, pushing FELS down 50 cents to S$5.65 and the warrants of its parent, Keppel Corporation, down 18 cents to S$2.56. The Straits Times Industrial index shed 11.87 to 1,108.47. In KUALA LUMPUR, in spite of sluggish market conditions, Telekom managed a M$1.10 premium over its M$5 offer price, but this compared with expectations of M$7 or more.

HONG KONG saw heavy selling of New World Development after Tuesday's disappointing results, the shares weakening another 35 cents to HK$8.15. The Hang Seng index lost 11.52 to 2,955.19.

BOMBAY rose after Tuesday's closure, with the BSE index up 49.42, or 3.7 per cent, at 1,381.17 in spite of the current political uncertainty and before the prime minister lost a vote of confidence.

SOUTH AFRICA

A STRONG financial rand helped to erode early gains by Johannesburg gold shares yesterday. The JSE all-gold index closed 11 higher at 1,375. South African Breweries gained R1 to R36.75 after a rise in first-half earnings.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	TUESDAY NOVEMBER 6 1990: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY NOVEMBER 5 1990: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1990 High	1990 Low	Year ago (approx)
Australia (77)	123.12	+1.2	92.49	99.03	95.15	103.79	+0.3	7.43	121.64	91.52	97.46	93.98	103.47	158.31	118.98	149.32
Austria (19)	205.64	+1.1	154.48	165.41	158.93	158.49	+0.3	1.72	203.40	153.03	162.97	157.14	158.04	285.63	178.57	130.77
Belgium (61)	140.68	+0.8	105.69	113.15	108.72	105.99	+0.2	5.47	139.52	104.97	111.77	107.78	105.80	160.02	126.67	137.70
Canada (120)	124.59	+0.2	93.60	100.21	96.28	104.75	−0.1	3.79	124.30	93.52	99.59	96.02	104.86	153.61	121.24	148.49
Denmark (33)	257.26	−0.1	193.26	206.93	198.82	199.00	−0.6	1.49	257.59	193.81	206.38	199.00	200.13	277.62	234.05	210.42
Finland (25)	105.55	+1.2	79.29	84.90	81.57	78.76	+1.0	3.87	104.33	78.50	83.59	80.60	78.00	152.29	98.91	125.48
France (122)	140.41	−0.3	105.48	112.93	108.50	109.78	−0.3	3.75	140.87	105.99	112.86	108.82	110.16	168.85	124.98	128.68
Germany (91)	114.32	−1.1	85.88	91.97	88.35	88.35	−1.0	2.57	115.54	86.93	92.59	89.26	89.26	144.63	101.38	92.65
Hong Kong (48)	120.39	+0.1	90.44	96.83	93.04	120.49	+0.1	5.48	120.28	90.50	96.37	92.93	120.41	147.49	112.24	115.79
Ireland (17)	162.87	−0.6	122.35	131.00	125.87	127.25	−0.7	4.11	163.79	123.23	131.23	126.54	128.18	198.57	139.04	156.14
Italy (91)	84.96	+0.3	63.83	68.33	65.66	70.81	+0.2	3.47	84.74	63.76	67.89	65.46	70.69	109.26	80.87	87.54
Japan (454)	133.08	−1.4	99.97	107.04	102.86	107.04	−1.0	0.79	134.91	101.51	108.09	104.24	108.09	197.26	106.58	183.95
Malaysia (35)	197.72	−1.3	148.53	159.03	152.80	205.60	−1.3	3.05	200.54	150.73	160.51	154.77	208.37	250.89	182.96	191.50
Mexico (12)	548.77	−0.3	412.26	441.41	424.10	1753.78	−0.6	0.39	550.64	414.29	441.17	425.40	1764.57	581.41	324.53	290.11
Netherland (41)	134.51	−0.1	101.05	108.19	103.95	102.89	−0.2	5.22	134.71	101.35	107.93	104.07	103.08	149.03	127.56	122.19
New Zealand (16)	49.32	−0.7	37.05	39.67	38.12	42.64	−0.7	7.90	49.66	37.36	39.79	38.37	42.96	75.36	48.15	74.81
Norway (27)	227.89	−0.9	171.20	183.31	176.12	179.56	−1.2	1.72	229.98	173.03	184.27	177.68	181.83	276.79	202.34	170.93
Singapore (25)	157.29	−0.8	118.16	126.52	121.56	123.26	−0.7	3.47	158.48	119.24	126.97	122.43	124.12	209.24	147.24	154.54
South Africa (60)	162.75	+0.7	122.26	130.91	125.77	132.01	−0.1	4.11	161.65	121.62	129.51	124.88	132.08	251.39	151.50	162.05
Spain (42)	147.76	+0.8	111.00	118.86	114.19	104.10	+0.2	5.33	146.55	110.26	117.42	113.22	103.92	182.25	128.54	155.89
Sweden (27)	171.61	+0.4	128.92	138.04	132.63	140.93	+0.2	2.88	170.88	128.55	[illegible]	132.01	140.70	234.93	158.07	171.89
Switzerland (68)	91.52	−0.7	68.75	73.62	70.74	70.87	−0.8	3.02	92.16	69.34	73.85	71.21	71.45	109.77	85.00	84.07
United Kingdom (299)	163.30	+1.0	122.68	131.34	126.19	122.68	+0.9	5.67	161.61	121.59	129.47	124.84	121.59	176.18	139.87	141.09
USA (533)	125.56	−0.9	94.33	101.00	97.04	125.56	−0.9	3.94	126.68	95.31	101.50	97.87	126.68	148.95	119.06	136.05
Europe (963)	137.16	+0.3	103.04	110.33	106.01	104.61	+0.1	4.44	136.82	102.94	109.62	105.71	104.49	157.65	124.91	121.95
Nordic (112)	183.15	+0.0	137.59	147.32	141.55	140.15	−0.3	2.16	183.10	137.76	146.70	141.46	140.59	223.29	172.38	165.56
Pacific Basin (655)	131.95	−1.2	99.13	106.14	101.98	107.07	−0.9	1.18	133.60	100.52	107.04	103.22	108.05	192.75	107.82	179.92
Euro−Pacific (1618)	134.43	−0.6	100.99	108.12	103.89	106.81	−0.5	2.54	135.27	101.77	108.37	104.50	107.33	174.18	116.03	158.80
North America (653)	125.41	−0.8	94.22	100.89	96.94	124.20	−0.8	3.93	126.45	95.14	101.32	97.71	125.25	148.43	119.26	136.69
Europe Ex. UK (664)	120.77	−0.3	90.73	97.17	93.36	93.86	−0.4	3.55	121.16	91.16	97.09	93.62	94.27	145.62	109.94	109.44
Pacific Ex. Japan (201)	117.98	+0.5	88.62	94.90	91.17	103.90	+0.0	6.30	117.39	88.33	94.07	90.70	103.87	146.72	116.03	131.51
World Ex. US (1810)	134.62	−0.8	101.13	108.29	104.04	107.42	−0.5	2.59	135.40	101.87	108.49	104.61	107.93	173.77	117.12	156.85
World Ex. UK (2044)	127.23	−0.9	95.58	102.35	98.34	112.17	−0.8	2.71	128.38	96.59	102.86	99.19	113.06	162.00	115.37	148.98
World Ex. So. Af. (2283)	130.24	−0.7	97.84	104.77	100.66	113.08	−0.6	3.03	131.14	98.67	105.08	101.33	113.75	161.84	118.04	148.17
World Ex. Japan (1889)	130.35	−0.3	97.93	104.86	100.76	116.36	−0.4	4.23	130.77	98.39	104.78	101.04	116.83	151.59	124.31	131.33
The World Index (2343)	130.43	−0.7	97.99	104.92	100.81	113.19	−0.6	3.04	131.33	98.81	105.22	101.47	113.88	162.05	118.33	148.28

Latest prices were unavailable for this edition.